



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant: Lukas P.P.P. van Ginneken
Title: Timing Closure Methodology
Application No.: 10/828,547 Filing Date: April 19, 2004
Examiner: Siek, Vuthe Group Art Unit: 2825
Docket No.: MDAI.001US3 Conf. No.: 3884

Mail Stop Petition
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

PETITION TO SUSPEND ACTION

Dear Sir:

Magma Design Automation, Inc., assignee of record of the above-identified patent application ("Current Application"), hereby petitions, in the alternative:

- (a) for suspension of action by the Office in the Current Application under 37 C.F.R. § 103(a) for the stated six month period; or
- (b) preferably for suspension of action by the Office in the Current Application under 37 C.F.R. § 183 until resolution by an unappealable decision in a lawsuit, *Synopsys, Inc. vs. Magma Design Automation, Inc.*, pending in the United States District Court for the Northern District of California, San Francisco Division, Case no. C-04-03923 MMC (JCS).

The above-referenced lawsuit involves U.S. patents nos. 6,453,446 and 6,725,438. As set forth in the accompanying copies of Synopsys' Third Amended Complaint (Attachment 1 hereto) and Defendant Magma Design Automation, Inc.'s Answer to Plaintiff Synopsys, Inc.'s Third Amended Complaint and Counterclaims (Attachment 2 hereto), the ownership and inventorship of these patents are at issue. The Current Application is a continuation of the patents in suit. The examination of the Current Application will therefore benefit from the prior resolution of those issues in the lawsuit.

Attorney Docket No.: MDAI.001US3

Application No.: 10/828,547
Express Mail No.: EV663712794US

03/14/2006 MGE BREH1 00000045 502664 10828547
01 FC:1462 400.00 DA
03/14/2006 MGE BREH1 00000045 502664 10828547
02 FC:1463 200.00 DA

Suspension of any further action until the lawsuit is resolved is therefore highly desirable. Trial is scheduled to begin in the lawsuit in April, 2006.

As additional background, Synopsys, Inc. filed a Petition for Suspension of Examination of the Current Application on March 4, 2005, on the ground that it was the rightful owner of the Current Application, despite the recorded assignment from the sole inventor to Magma Design Automation, Inc. On April 27, 2005, the Synopsys' Petition was dismissed by a decision of the Office on the ground that Synopsys had no standing to request suspension. The decision also invited Magma to file a request for stay of prosecution of the Current Application, which is now being done.


Conclusion

In order to enable the Office to examine the Current Application with the benefit of the resolution of the pending lawsuit, suspension of action by the Office until the lawsuit is resolved by an unappealable decision is respectfully requested under 37 C.F.R. § 183. In the alternative, if that request is not granted, suspension of action by the Office for the six month period of 37 C.F.R. § 103(a) is respectfully requested, without prejudice against requesting further suspensions until the lawsuit is resolved.

Please charge deposit account no. 502664 for the petition fee under either 37 C.F.R. § 1.17(f) for \$400.00 or § 1.17(g) for \$200.00, as appropriate, as set forth in the accompanying Transmittal Letter.

**EXPRESS MAIL
LABEL NO:
EV663712794US**

Respectfully submitted,


Gerald P. Parsons
Reg. No. 24,486

March 9, 2006
Date

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SYNOPSYS, INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

SYNOPSYS, INC., a Delaware
corporation,

Plaintiff and Counter-Defendant,

vs.

MAGMA DESIGN AUTOMATION, INC.
a Delaware corporation,

Defendants and Counter-Claimant.

CASE NO.: C-04-03923 MMC (JCS)

THIRD AMENDED COMPLAINT FOR:

1. **PATENT INFRINGEMENT;**
 2. **BREACH OF CONTRACT;**
 3. **INDUCING BREACH OF
CONTRACT/INTERFERENCE WITH
CONTRACTUAL RELATIONS;**
 4. **FRAUD;**
 5. **CONVERSION;**
 6. **UNJUST ENRICHMENT/
CONSTRUCTIVE TRUST AND;**
 7. **UNFAIR COMPETITION**
- DEMAND FOR JURY TRIAL**

AND RELATED CROSS-ACTIONS

Plaintiff Synopsys, Inc. ("Synopsys") hereby alleges against Defendants Magma Design
Automation, Inc. ("Magma") and Lukas van Ginneken ("van Ginneken") as follows:

JURISDICTION

1. This is an action for patent infringement arising under the patent laws of the
United States. This Court has jurisdiction over this action under 28 U.S.C. § 1331, 1338(a), and

1 1367(a) and pursuant to the Federal Declaratory Judgments Act, 28 U.S.C. § 2201-02. This Court
2 has supplemental jurisdiction over claims arising under state law pursuant to 28 U.S.C. § 1367(a),
3 because these claims are so related to the parties' claims and counterclaims under federal law that
4 they form part of the same case and/or controversy and derive from a common nucleus of
5 operative fact.

6 PARTIES

7 2. Synopsys is a corporation duly organized and existing under the laws of the State
8 of Delaware, with its principal place of business in Mountain View, California.

9 3. Synopsys is informed and believes, and thereon alleges, that Magma is a
10 corporation duly organized and existing under the laws of the State of Delaware, with its principal
11 place of business in Santa Clara, California.

12 VENUE

13 4. Venue is proper in the Northern District pursuant to 28 U.S.C. § 1391(b) & (c) and
14 28 U.S.C. § 1400(b).

15 INTRADISTRICT ASSIGNMENT

16 5. This is an Intellectual Property Action under this Court's Assignment Plan, and
17 therefore assignment to any division of the Court is proper pursuant to Civil L.R. 3-2(c).

18 OVERVIEW

19 6. The extraordinary facts which underlie this action are truly disturbing. It is now
20 clear that, from the very inception of the company, Magma knew that the inventions upon which
21 it built its business were misappropriated from Synopsys. It is beyond dispute that the fixed
22 timing methodology that is the technical foundation for Magma's products was originally
23 conceived at Synopsys. As a result, Magma products and technology infringe Synopsys'
24 intellectual property and contractual rights, and the continued sale, licensing and use of infringing
25 products must be enjoined.

26 7. In order to bury the truth of its wrongful conduct as alleged herein, Magma has
27 spent the past several years making a series of false representations to its investors, its
28 shareholders, the press, and Synopsys. Rather than simply admit the illicit origin of its products

1 and technology, Magma engaged in a public relations campaign designed to portray its fixed
2 timing methodology as an invention that was conceived by employees of Magma “from scratch”
3 through the use of public domain materials. These representations were made despite Magma’s
4 clear knowledge that these inventions had been taken from information contained in confidential
5 Synopsys documents.

6 8. Magma’s web of deceit crumbled soon after Magma asserted three patents, core to
7 its business, against Synopsys. This assertion led to the discovery of the following unequivocal
8 facts: (1) the relevant inventions had been conceived by Lukas van Ginneken (“van Ginneken”)
9 while he was a Synopsys employee; (2) Synopsys’ confidential materials had been copied and
10 used by Magma in its later filed patent applications; (3) Magma had known about the
11 misappropriation of these materials since at least 1997, and; (4) Magma has willfully engaged in a
12 course of conduct to hide the facts of its wrongful conduct. Now that the truth has been revealed,
13 Synopsys seeks to obtain the relief to which it is clearly entitled under law.

14 **FACTUAL BACKGROUND**

15 **van Ginneken’s Employment at Synopsys**

16 9. In 1995, Synopsys hired van Ginneken to play a significant role in leading the
17 development of Synopsys’ logic synthesis and related technologies. van Ginneken was given the
18 responsibility to work on research pertaining to logic synthesis, and was asked to make important
19 contributions to the technical vision for Synopsys’ logic synthesis team. Given van Ginneken’s
20 prior experience in the field, Synopsys heavily relied upon van Ginneken to provide leadership
21 and vision to the development of Synopsys’ products and technology.

22 10. On or about May 17, 1995, van Ginneken signed a Proprietary Information and
23 Inventions Agreement (the “Agreement”) as a condition to his employment by Synopsys. A true
24 and correct copy of the Agreement is attached hereto as Exhibit A.

25 11. The Agreement is valid and fully enforceable against van Ginneken.

26 12. The Agreement provides, among other things, that all Proprietary Information
27 shall be the “sole property” of Synopsys. The term “Proprietary Information” is defined to
28 include information that “has been created, discovered, developed or otherwise become known to

1 the Company (including, without limitation, information created discovered or developed by, or
2 made known to, me during the period of or arising out of my employment by the Company)
3 and/or in which property rights have been assigned, licensed or otherwise conveyed to the
4 Company.” For instance, the Agreement provides that Proprietary Information includes “trade
5 secrets, processes, data and know-how, computer software, improvements, inventions, works of
6 authorship, techniques, marketing plans, strategies, forecasts and copyrightable material and
7 customer lists.”

8 13. The Agreement further provides that “all Inventions which I make, conceive,
9 reduce to practice or develop (in whole or in part, either alone or jointly with others) during my
10 employment shall be the sole property of the Company to the maximum extent permitted by
11 Section 2870 of the California Labor Code . . .”

12 14. The Agreement further provides that Synopsys “shall be the sole owner of all
13 patents, copyrights, trade secrets rights, rights with respect to other intellectual property or other
14 rights in connection therewith (including, without limitation, such rights in algorithms or
15 software).”

16 15. The Agreement further assigns to Synopsys any rights that van Ginneken may
17 have or acquire in any Inventions. The term “Inventions” is broadly defined in the Agreement to
18 include any “improvements, inventions, works of authorship, processes, techniques, know-how,
19 formulae, data, ideas and other information (including, without limitation, my algorithms or
20 software), whether or not patentable, made or conceived or reduced to practice or learned by me,
21 either alone or jointly with others, during the term of my employment.”

22 16. The Agreement further requires van Ginneken to provide a complete list of all
23 “inventions or improvements” which he had contributed to before his employment at Synopsys.

24 17. As reflected in Exhibit “A” attached hereto, van Ginneken in fact attached such a
25 list to the signed Agreement, and covenanted that this list was complete.

26 18. None of the inventions listed by van Ginneken in the Agreement disclose the
27 inventions ultimately claimed in U.S. Patent No. 6,453,446 or U.S. Patent No. 6,725,438
28 (hereinafter collectively referred to as the “Patents”). Accordingly, by van Ginneken’s own

1 representations, none of the inventions disclosed in the Patents had been conceived by him before
2 he joined Synopsys.

3 19. After signing the Agreement, van Ginneken commenced employment at Synopsys
4 on June 26, 1995.

5 20. At no time during his employment at Synopsys, or anytime thereafter, did van
6 Ginneken object to the scope or terms of the Agreement, or ask Synopsys for any waiver from the
7 enforcement of its provisions.

8 **van Ginneken Conceives of the Fixed Timing Inventions in the Patents**

9 21. In or about late 1995 or early 1996, as part of his job to research and explore new
10 product ideas for Synopsys, van Ginneken developed the idea of creating an EDA product that
11 would perform particular inventions using the concept of fixed timing.

12 22. Under the concept of fixed timing, the timing delays of a chip design are held
13 constant and "fixed," in contrast to determining timing delay at a later point in the design flow.
14 Because fixed timing involves holding the timing delay constant, it can also be referred to as
15 "constant delay."

16 23. The inventions developed by van Ginneken while employed by Synopsys were
17 designed to implement this concept of fixed timing/constant delay into an EDA tool that
18 performed logic synthesis, placement, and/or related tasks.

19 24. In addition, by early 1996, van Ginneken developed inventions while employed by
20 Synopsys pertaining to the use of "gain-based synthesis," which is one of the ways in which the
21 fixed timing concept can be implemented in a logic synthesis and/or placement tool.

22 25. On or about January 30, 1996, van Ginneken participated in a meeting with other
23 Synopsys personnel to discuss ideas for Synopsys' next-generation synthesis product (code
24 named "NGSS" or "Synzilla"). During this meeting, van Ginneken set out the basic concept of
25 his fixed timing inventions. van Ginneken was directed to research the issue further and report
26 his findings at a later meeting.

27 26. During a subsequent meeting in or about February of 1996, van Ginneken gave a
28 further presentation to Synopsys personnel concerning the fixed timing and gain-based synthesis

1 inventions he developed while employed at Synopsys. van Ginneken specifically discussed how
2 Synopsys could implement the inventions relating to fixed timing and gain-based synthesis in its
3 tools. During the course of this meeting, van Ginneken was successful in convincing others at
4 Synopsys that the company should consider redirecting its efforts towards implementing these
5 inventions.

6 27. The conception of the inventions developed by van Ginneken while a Synopsys
7 employee is thoroughly documented in Synopsys' records.

8 28. In early 1996, van Ginneken filled out an invention disclosure form attesting that
9 his fixed timing inventions were conceived by him alone. This invention disclosure, under the
10 title "Constant Delay Synthesis" (the "Constant Delay Synthesis Disclosure"), states as follows:

11 Constant delay synthesis is an entirely different paradigm for delay optimization
12 in logic synthesis. It promises to radically simplify the design process from
13 behavioral synthesis down to physical desing [sic]. It is probably more of a
14 philosophy than an algorithm. Using this philosophy many common optimization
algorithms, such as mapping, retiming, behavioral synthesis, delay & [sic];
area optimization, placement can be reformulated in a much simpler form.

15 29. In the Constant Delay Synthesis Disclosure, van Ginneken represents that he was
16 the sole inventor of the fixed timing inventions (by stating "Additional Inventors: none").

17 30. In the Constant Delay Synthesis Disclosure, van Ginneken represents that the
18 inventions reflected therein were being considered as the "cornerstone" of the NGSS project at
19 Synopsys.

20 31. In the Constant Delay Synthesis Disclosure, van Ginneken states that "[i]t is
21 important that Synopsys acquires patent protection in this area, even though some prior art
22 exists."

23 32. van Ginneken's development of these inventions while employed at Synopsys is
24 further documented in the performance reviews he received at Synopsys. For instance, in his
25 performance review for the period March 1, 1996 to April 1, 1997, Synopsys stated that "[o]ver
26 the past year within the Advanced Technology Group, you have had basically one objective:
27 driving through the next generation synthesis effort based on constant delay." The review further
28 stated:

1 Your primary objective over the past year has been driving the technical direction
2 of the Synzilla project, bringing to fruition your ideas on applying constant delay to
3 Synopsys next generation synthesis effort. This project represents a major
4 milestone and direction for Synopsys, and your efforts have been instrumental in
5 effecting the project. One year ago, Synzilla was an idea in your head; it is
6 currently a staffed project that has met aggressive milestones and schedules and that
7 has strong support from outside partners.

8 33. Similarly, another performance review of van Ginneken discussed the presentation
9 of the fixed timing inventions in one of the internal Synopsys meetings in early 1996:

10 Lukas, you demonstrated true vision and original thinking in one of the NGSS
11 meetings when you presented your 'constant delay' ideas. I think that in the
12 process of one hour, you presented a change in the synthesis paradigm to the best
13 technical minds at Synopsys, they accepted that the idea has a lot of merit, and the
14 team initiated a project to investigate this further. This is really exciting!

15 **Synopsys Creates Confidential Documents to Describe van Ginneken's Inventions**

16 34. In order to obtain patent protection for the fixed timing and gain-based synthesis
17 inventions developed by van Ginneken while employed at Synopsys, van Ginneken proceeded to
18 work with Synopsys' former outside patent counsel, Laura Majerus of Graham & James, in order
19 to draft a patent application. Though the content of the communications between van Ginneken
20 and Ms. Majerus is protected by the attorney-client privilege, a patent application was ultimately
21 drafted containing the very same inventions that were later disclosed in the Patents.

22 35. The first draft of the patent application was entitled "System and Method for
23 Constant Delay Synthesis," and contained disclosure of van Ginneken's inventions for fixed
24 timing, including use of fixed timing in relation to logic synthesis and placement, equal slack
25 sizing, area estimation, buffering, bipartitioning, iterative placement, and net weights. This draft
26 patent application was never disclosed by Synopsys to the public, but was instead maintained at
27 all times relevant hereto by Synopsys as proprietary and confidential.

28 36. After the creation of this initial patent application, work on the application
continued, and eventually a subsequent draft was created. This draft was entitled "Method for
Achieving Timing Closure of Digital Networks and Method for Area Optimization of Digital
Networks Under Timing Closure." This draft more thoroughly disclosed the inventions
conceived of by van Ginneken while employed at Synopsys, and described in detail the use of
fixed timing in relation to network slack, library independent optimization, mapping for delay,

1 post mapping optimization, pin swapping, boundary moves, area estimation, net weights,
2 buffering, stretching, placement, and final or discrete sizing. The copies of this draft contained
3 the clear and explicit notation "Synopsys Confidential." This draft patent application was never
4 disclosed by Synopsys to the public, but was instead maintained at all times relevant hereto by
5 Synopsys as proprietary and confidential.

6 37. In addition to the preparation of the draft patent applications, van Ginneken also
7 prepared a "white paper" on the fixed timing inventions. The initial draft of the paper was titled
8 "The Constant Delay Methodology," and set forth several aspects of the inventions contained in
9 the Patents. This paper contained, for instance, a description of the use of fixed timing as it
10 related to logical effort and gain, sizing and placement, buffering, transition time effects, area
11 optimization, and area estimation. The end of the paper recommended that Synopsys adopt the
12 fixed timing methodology for its tools.

13 38. After this initial draft was created, a revised version of the paper was created by
14 van Ginneken with the new title "Driving on the Left-Hand Side of the Performance Speedway."
15 Once again, this paper provided a description of numerous aspects of the inventions conceived of
16 by van Ginneken that are contained in the Patents.

17 39. As the above indicates, by the middle of 1996, Synopsys had extensive
18 confidential documentation describing, in great detail, the fixed timing and gain-based synthesis
19 inventions developed by van Ginneken while employed at Synopsys. At no point did Synopsys
20 ever give permission for van Ginneken to take or use this documentation, or any of the inventions
21 described therein, for the benefit of another company. To the contrary, under the Agreement
22 these inventions were and are the exclusive property of Synopsys, and were assigned to Synopsys
23 the instant that they were conceived.

24 **Magma Misappropriates Synopsys' Confidential Information**

25 40. At some point in 1996, van Ginneken decided to resign from Synopsys to pursue
26 other opportunities. Instead, however, of pursuing ideas at another company that were unrelated
27 to Synopsys' confidential information, van Ginneken sought to take another position where he

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1 could continue utilizing the fixed timing and gain-based synthesis inventions developed at
2 Synopsys.

3 41. In May of 1997, van Ginneken formally resigned from Synopsys in order to join
4 Magma, which had been incorporated on April 1, 1997. In his resignation letter, van Ginneken
5 stated that he was resigning to join a "newly formed startup company," and stated that his
6 departure "should not be construed as a lack of faith in the technical approaches which I have
7 been advocating."

8 42. Unbeknownst to Synopsys, there was far more to van Ginneken's resignation than
9 appeared on the surface. In reality, van Ginneken had only resigned from Synopsys after forming
10 a conspiracy with Rajeev Madhavan, and other founders of Magma, to develop products for
11 Magma using the fixed timing and gain-based synthesis inventions that had been developed at
12 Synopsys. This product development was one of the overt acts in furtherance of the main goal of
13 the conspiracy, which was to use the inventions misappropriated from Synopsys in order to file
14 for patents with the United States Patent and Trademark Office, and thereafter to use the patents
15 in order to inflate the value of Magma's business to investors and shareholders and obtain a
16 patent-based monopoly to assert against Magma's competitors.

17 43. van Ginneken entered into this conspiracy with Madhavan and the other founders
18 of Magma for his own personal interest, separate and apart from Magma's interests in furthering
19 the conspiracy. In particular, van Ginneken was motivated to enter into the conspiracy because of
20 his personal interest in receiving attribution for the inventions he conceived, through being named
21 as an inventor on a novel technology. Indeed, by participating in the conspiracy and obtaining
22 issuance of the '446 and '438 Patents, van Ginneken personally benefited by being revealed to the
23 public as the inventor of concepts which were deemed worthy by the PTO of patent protection.

24 44. In furtherance of this conspiracy, on or before his resignation from Synopsys, van
25 Ginneken misappropriated for the use and benefit of Magma the information contained in the
26 detailed draft patent application, labeled "Synopsys Confidential." The information from this
27 application was ultimately copied into patent applications for Magma. van Ginneken also
28 misappropriated for Magma the information contained in at least one of the white papers that he

1 had created for Synopsys. Magma and van Ginneken misappropriated this information from
2 Synopsys for the purpose of using van Ginneken's inventions as the core technical foundation for
3 Magma products, so that Magma could achieve the main goal of its conspiracy as described
4 herein.

5 45. At no time did Magma or van Ginneken inform Synopsys that these documents
6 and related information were being taken, nor did Synopsys ever provide any permission for van
7 Ginneken to take them. Rather, this misappropriation occurred entirely in secret.

8 46. After these materials were misappropriated from Synopsys, Magma proceeded to
9 extensively copy the information contained in the documents in order to create the patent
10 applications that would ultimately result in the issuance of the Patents. This copying was blatant
11 and egregious. Indeed, the inventive concepts contained in these patents were copied from the
12 Synopsys patent application or other documents. In dozens of instances, this copying was word-
13 for-word.

14 47. Attached hereto as Exhibit B is a chart listing just some of the portions of the
15 Patents that were blatantly copied from the confidential patent application drafted for Synopsys.
16 This chart demonstrates that the relevant portions of the Patents are simply plagiarized versions of
17 the confidential patent application that had been drafted for Synopsys. In addition, the Patents
18 also contain numerous passages that were copied, word-for-word, from one of the white papers
19 van Ginneken had drafted for Synopsys.

20 48. In addition to copying the confidential information misappropriated from
21 Synopsys, Magma used the inventions that were misappropriated from Synopsys and labeled
22 them as Magma's "FixedTiming" methodology. Magma then incorporated these misappropriated
23 inventions into its product line, and proceeded to use these inventions as a core technical
24 foundation for its products. By so doing, Magma was able to claim to the Securities and
25 Exchange Commission and the public that its products featured "patented" technology, thereby
26 inflating the value of its business to investors and shareholders and enabling it to assert the
27 patents as a bar against any competitor's use of the inventions claimed in the patents.

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Magma and van Ginneken's Fraudulent Representations to Synopsys

49. After van Ginneken resigned from Synopsys, Synopsys learned that he had joined Magma. Given the inventions developed by van Ginneken and the Synopsys confidential information that he had been privy to, Synopsys sought assurances from Magma that Synopsys' confidential and proprietary information would not be used or compromised.

50. On July 23, 1997, Synopsys forwarded the signed Agreement to Magma, and communicated its expectation that van Ginneken would honor his obligations under the Agreement. Synopsys further asked Magma to confirm that it would not use any confidential or proprietary information of Synopsys. Attached hereto as Exhibit C is a true and correct copy of the July 23, 1997 letter sent by Synopsys.

51. At the time Magma received the July 23, 1997 letter from Synopsys, it was already in possession of the information set forth in the confidential patent application drafted for Synopsys, and knew that it was in the process of creating and developing products that would incorporate the very inventions misappropriated from Synopsys. Rather than reveal the misappropriation to Synopsys, however, Magma chose to hide it. To this end, Magma instructed its counsel at the law firm of Pillsbury, Madison & Sutro LLP ("Pillsbury") to respond by assuring Synopsys that Magma would not use or obtain any confidential or proprietary information of Synopsys.

52. In particular, in a letter from Pillsbury dated August 18, 1997, through Magma's legal counsel Magma and van Ginneken made the following representations and assurances to Synopsys: (1) "Dr. van Ginneken intends to honor his obligations under his Proprietary Information Agreement with Synopsys," (2) "Magma is in the practice of taking appropriate steps to protect . . . the trade secrets of its employees' former employers," (3) "Dr. van Ginneken will protect Synopsys' proprietary information during his employment at Magma," (4) "Magma is confident that Dr. van Ginneken has and will continue to abide by the terms of the Magma Agreement in the performance of his duties for Magma," and (5) "Magma will reiterate to Dr. van Ginneken his duty to abide by his Synopsys Agreement." Attached hereto as Exhibit D is a true and correct copy of the August 18, 1997 letter.

1 53. All of the foregoing statements from the August 18, 1997 letter were known by
2 Magma and van Ginneken to be false. At the time these statements were made, Magma had
3 already misappropriated the information contained in the confidential patent application drafted
4 for Synopsys (and the information contained in at least one confidential Synopsys white paper),
5 and had already begun to use the information to develop its products and draft patent applications.
6 In an active effort to hide the truth, however, Magma and van Ginneken provided a series of false
7 misrepresentations to Synopsys.

8 54. Through the August 18, 1997 letter, Magma and van Ginneken falsely represented
9 that the use of any "constant delay ideas" by Magma would not implicate Synopsys' confidential
10 information, because the ideas van Ginneken would be using were already known in the public
11 domain. This representation was also known by Magma and van Ginneken to be false. In truth,
12 Magma was not relying on ideas that were already known in the public domain, but instead had
13 willfully misappropriated the precise fixed timing inventions that van Ginneken had developed
14 while employed at Synopsys.

15 55. The fraudulent nature of the representations were enhanced by the decision to only
16 quote in the August 18, 1997 letter a portion of Magma's employment agreement with van
17 Ginneken, and to omit information of other facts known to Magma and van Ginneken. Rather
18 than produce the actual employment agreement it had with van Ginneken, Magma's counsel
19 instead selectively quoted from it and omitted the exhibits to the agreement which had been
20 created by van Ginneken. These exhibits revealed that, contrary to the assertions in the August
21 18, 1997 letter, van Ginneken did not believe that his constant delay ideas were in the public
22 domain and available for use by Magma. Rather, as reflected in these exhibits van Ginneken
23 explicitly informed Magma that the white paper discussing these inventions was outside the scope
24 of his agreement with Magma, because it had been developed at Synopsys before he joined
25 Magma. By purposefully omitting the full agreement and exhibits from the August 18 letter,
26 Magma's counsel provided information of other facts which were likely to, and did, mislead
27 Synopsys. Through and as a result of the fraudulent representations concerning the

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1 “public domain” nature of the inventions Magma was pursuing, Magma was thus able to pursue
2 its scheme without further question or investigation by Synopsys.

3 56. After representing that Synopsys’ confidential and proprietary information would
4 be “protected,” Magma then used the Pillsbury firm to secretly submit a series of patent
5 applications to the United States Patent & Trademark Office (“PTO”), which contained the same
6 inventions that van Ginneken developed while he was employed at Synopsys. These applications
7 described the inventions in language that was copied from the very same information set forth in
8 the confidential patent application that had been drafted for Synopsys. Though Magma knew that
9 its applications had been copied from confidential Synopsys information, Magma continued to
10 prosecute the applications for years before the PTO.

11 **Magma Deceives Its Investors**

12 57. In 1998, while its plagiarized patent applications were pending, Magma retained
13 the law firm of Orrick, Herrington & Sutcliffe LLP (“Orrick”). The goal of this retention was
14 purportedly to perform intellectual property due diligence at Magma. In reality, the main purpose
15 of this retention was to use counsel to “whitewash” the misappropriation of Synopsys’
16 confidential inventions and documentation, and thereby to further the main goal of the conspiracy
17 against Synopsys as described herein.

18 58. As part of the “due diligence” process, Orrick engaged a professor from the
19 University of Michigan, Marios Papaefthymiou, who conducted a series of interviews at Magma
20 for the purpose of assessing whether Magma had used proprietary or confidential information
21 belonging to previous employers of Magma employees. In truth, this entire process was a sham,
22 because Magma already knew that its patent applications had been copied from confidential
23 information misappropriated from Synopsys, but had carefully avoided telling Papaefthymiou that
24 fact.

25 59. Magma rigged the due diligence process by falsely informing Papaefthymiou that
26 van Ginneken had not used any confidential or proprietary information of Synopsys in his
27 position at Magma, and by failing to disclose to Papaefthymiou the fact that significant portions
28 of Magma’s patent applications had been plagiarized from Synopsys confidential information.

1 60. Papaefthymiou interviewed van Ginneken as part of the due diligence process, and
2 yet neither Magma nor van Ginneken informed him of the critical fact that significant portions of
3 Magma's patent applications had been plagiarized from Synopsys confidential information.

4 61. Although unknown to Synopsys until after the initiation of this lawsuit,
5 Papaefthymiou's notes from his interviews ultimately noted the "similarities" between van
6 Ginneken's work at Synopsys and Magma's work, and indicated that some of the Synopsys
7 technology that was similar to Magma's may have been confidential or may have been patented.
8 Because, however, Magma did not disclose to Papaefthymiou the fact that it had misappropriated
9 Synopsys information and used it to draft Magma's patent applications, Papaefthymiou was
10 unable to reach any conclusion on the matter. Thereafter, Magma did not include significant
11 portions of Papaefthymiou's observations in the due diligence report given to Magma's potential
12 investors. By failing to provide all of the true information during the due diligence process, and
13 by falsifying the scope and content of the report, Magma was able to represent that it had received
14 a "clean bill of health" from the Orrick firm.

15 **Magma and van Ginneken Continue Their Efforts to Deceive Synopsys**

16 62. Rather than approach Synopsys and admit the truth about its wrongful conduct,
17 Magma continued to take steps in 1998 and succeeding years in order to mislead Synopsys.

18 63. For instance, in or about February of 1998, Magma invited Synopsys to attend a
19 meeting at Magma's offices to discuss the possibility of a business arrangement between the two
20 companies. The meeting was attended by at least Rajeev Madhavan and Robert Smith on behalf
21 of Magma, and at least Aart de Geus, Raul Camposano, and Robert Dahlberg on behalf of
22 Synopsys. Unbeknownst to Synopsys, Magma had secretly decided to arrange this meeting as
23 part of an effort by Magma to "set up" Synopsys against future intellectual property claims.

24 64. At the February 1998 meeting, Magma did not tell Synopsys anything about the
25 origin of its technology, the misappropriation of Synopsys' information, the theft of the
26 inventions created by van Ginneken at Synopsys, or the concerns raised by Papaefthymiou during
27 the "due diligence" process. Rather, in furtherance of its continued course of conduct, Madhavan
28 falsely represented (consistent with Magma's fraudulent representations in 1997 to Synopsys) that

1 Magma had come up with a technology that would be able to guarantee timing closure and that
2 this technology was developed by Magma. As set forth above, this representation was knowingly
3 false, because in fact the fixed timing methodology being used at Magma was conceived at
4 Synopsys, and the inventions underlying the methodology were owned by Synopsys. These
5 representations were designed to further mislead Synopsys into believing that the inventions
6 utilized by Magma had been independently developed from public domain sources.

7 65. Magma also set up another sham meeting with Synopsys at Magma's offices in
8 April 30, 1998 in order to defraud Synopsys. This meeting was attended by at least Madhavan
9 and van Ginneken on behalf of Magma, and at least Rich Goldman and Priti Vijayvargiya on
10 behalf of Synopsys. At the meeting, the only discussion involved a brief presentation by
11 Synopsys of its In-Sync program, and there was no description at any time by Magma of fixed
12 timing or gain-based synthesis or the manner in which Magma came into possession of the
13 inventions that were utilized in its products. Indeed, the individuals that attended the meeting on
14 behalf of Synopsys were not technical employees and therefore would not have even been able to
15 participate in a meaningful discussion over fixed timing or gain-based synthesis.

16 66. After this brief meeting, Madhavan directed the sending of an April 30, 1998 letter
17 to Goldman purporting to "confirm" the subjects discussed during the meeting. This letter was
18 sent in order to continue the "set up" of Synopsys. In the letter, Magma falsely stated that there
19 had been discussion at the meeting of Magma's "patent pending approach" for place and route, as
20 well as "Magma's proposed interfaces" and "Magma's product positioning and product plans."
21 This assertion was false. In fact, there had been no discussion of these subjects at the meeting,
22 but rather only a brief presentation of Synopsys' In-Sync program. In addition, as Magma
23 already knew, the assertion that the "patent pending" technology was owned by Magma was also
24 false, because the inventions in Magma's tools were truly owned by Synopsys. Nevertheless, this
25 fraudulent letter was sent in order to create a false record that Magma had "disclosed" the details
26 of its technology, so that if Synopsys ever discovered the truth about Magma's illegal conduct,
27 Magma would be able to use the letter as proof that Synopsys had waived its rights.

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1 67. At no point in 1998 or thereafter did Magma or van Ginneken ever provide the true
2 facts to Synopsys or anyone else about the misappropriation of Synopsys' documentation or
3 inventions. Rather, Magma continued to repeat the misrepresentation that its fixed timing
4 methodology had been entirely developed from scratch at Magma using public domain sources.
5 Magma repeated these misrepresentations even though it knew that the entire foundation for its
6 products was the fixed timing and gain-based synthesis inventions that van Ginneken had
7 developed while he was employed at Synopsys. These false representations constituted an
8 enormous fraud upon Synopsys and the general public.

9 68. For instance, in a November 1999 article appearing in the Electronic Engineering
10 Times, Magma represented that its engineers "developed" the fixed timing methodology by using
11 "back of the envelope" design techniques and techniques that "can be found in popular VLSI
12 design text books." Magma further described at length how its own engineers had used this
13 information to independently develop its "breakthrough" technology. These representations were
14 knowingly false. In fact, van Ginneken had already conceived the fixed timing methodology
15 while he was employed at Synopsys, and Magma's "development" of this invention consisted of
16 misappropriating and copying the information contained in Synopsys' confidential draft patent
17 application.

18 69. Similarly, in a 1999 article published in SiliconIndia, Madhavan gave an interview
19 in which he provided numerous false representations about the origin of the technology used by
20 Magma. Rather than admit that Magma products actually are based on the inventions developed
21 at Synopsys and misappropriated by Magma, Madhavan represented that he came up with the
22 idea for Magma's products by reading a book by a Sun Microsystems researcher while on a flight
23 back to the United States from India. Madhavan further stated that implementing "his" idea
24 meant "re-doing the entire EDA history from scratch." This story was another elaborate hoax,
25 which concealed the fact that -- as Madhavan had known for years by this time -- the core
26 inventions for Magma's products had been literally copied from information contained in
27 Synopsys' confidential documents.

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1 70. In an article published on September 1, 2001, Magma employee Karen Vahtra,
2 another former employee of Synopsys, also perpetuated the false representation that Magma had
3 conceived of the inventions for its technology. This article represented that Magma's gain-based
4 synthesis invention was based on a "patent-pending technique," derived from ideas put forward in
5 a public domain textbook. Carefully omitted from the article, however, was the fact that van
6 Ginneken had developed these inventions while he was employed at Synopsys, and that Magma
7 had only learned of the inventions by misappropriating information contained in confidential
8 Synopsys documentation. By representing that Magma had independently derived the ideas from
9 the public domain, Magma continued to perpetuate the same false story that Magma originally
10 presented in its 1997 letter to Synopsys. Magma's references to public domain materials in its
11 articles gave the impression that any work that Magma had done, or would do in the future,
12 concerning fixed timing would be based only on information in the public domain, and not on any
13 confidential information developed at Synopsys.

14 71. Magma's misrepresentations were also repeated in its public filings with the
15 Securities and Exchange Commission. For instance, in its S-1 Registration Statement filed in
16 conjunction with Magma's initial public offering, Magma represented that it possessed
17 "proprietary" fixed timing methodology that served as the "technical foundation" for its products.
18 Similarly, in its Annual Reports filed with the SEC, Magma expounded at length on its "patented"
19 fixed timing methodology, and represented that this technology is an "important technical
20 foundation" for its software products. At no point in any of its SEC filings did Magma ever
21 suggest or acknowledge that its fixed timing methodology had been misappropriated from
22 Synopsys, or that its core patents had been copied from information contained in confidential
23 Synopsys documentation.

24 72. Until recently, Magma's campaign of disinformation has been successful. Based
25 upon the false representations made by Magma concerning the origin of the inventions and
26 technology in its products, Magma was able to mislead Synopsys and others into believing that
27 those inventions and technology had been independently developed by Magma exclusively from
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1 public domain sources. As a result, Magma fraudulently induced Synopsys to avoid asserting
2 legal claims against Magma or van Ginneken and to avoid pursuing its legal rights.

3 73. Magma was also able to successfully use its false representations to mislead its
4 investors and the EDA community in general. As stated in a November 13, 2000 Electronic
5 News article, "Several industry executives expressed amazement at Rajeev Madhavan, Magma
6 president and chief executive officer, and his continued ability to entrance venture capitalists and
7 drive leading-edge EDA R& D." In truth, unbeknownst to either Synopsys or Magma investors,
8 Madhavan was "entrancing" them with inventions that his company had misappropriated from
9 Synopsys.

10 **Magma Obtains Patents Based On Synopsys' Misappropriated**
11 **Confidential Information**

12 74. From 1997 to the present, Magma has prosecuted patent applications containing
13 inventions misappropriated from Synopsys and language copied from Synopsys confidential
14 documents. At no time did Magma ever inform Synopsys that it was prosecuting patent
15 applications before the PTO that contained language copied from confidential documents created
16 for Synopsys.

17 75. In 2002, the PTO issued the '446 Patent, which was the first issued patent that
18 contained language and inventions plagiarized and misappropriated by Magma from Synopsys'
19 confidential documentation. In 2004, the '438 Patent was issued, which also contained
20 plagiarized language and misappropriated inventions. Further, Magma continues to this day to
21 prosecute at least one continuation of these patents in the PTO which also contains plagiarized
22 and misappropriated language and inventions from Synopsys.

23 76. When these patents began to issue, Magma touted the patents to the public, and
24 emphasized that the inventions in these patents encompassed the core technology in Magma's
25 products. While discussing these patents, however, Magma continued to avoid providing any
26 facts that would reveal the true origin of the patented inventions.

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Synopsys Discovers the Truth In Response to Magma's Threats

77. By the time the '438 Patent issued in 2004, Magma believed that it had been successful in forever hiding the truth concerning the origins of its patents, technology, and products. Believing that Synopsys would never be able to discover the truth, Magma decided to use the Patents offensively against Synopsys. In other words, Magma decided to "enforce" patents against Synopsys which claimed the very same inventions Magma had secretly misappropriated from Synopsys.

78. On July 1, 2004, Magma wrote Synopsys to "express certain concerns" with respect to Synopsys' purported implementation of a gain-based delay model in its Design Compiler product. Magma's letter attached copies of the '446 and '438 Patents, along with another patent issued to Magma. The letter requested that Synopsys confirm its position on whether the patents are infringed by Synopsys' delay model. Magma's letter carefully did not reveal, however, that the '446 and '438 Patents contained plagiarized language and inventions that were misappropriated from Synopsys. Attached hereto as Exhibit E is a true and correct copy of the July 1, 2004 letter sent by Magma. This letter was sent in furtherance of the main goal of the conspiracy as described herein.

79. After Magma's letter was sent, Synopsys discovered that the inventions in these patents had been misappropriated from Synopsys, and that Magma had repeatedly misled Synopsys in order to hide the evidence of its wrongful conduct. Synopsys was only able to uncover this wrongdoing by Magma because -- unlike the situation that existed beforehand -- it was now able to compare the language of both of the issued Patents to the confidential documentation prepared by van Ginneken at Synopsys.

80. On September 17, 2004, Synopsys responded to the July 1, 2004 letter by informing Magma that, pursuant to the Agreement signed by van Ginneken, Synopsys is the rightful owner of the inventions in the Patents. Synopsys asked Magma (and, by copy of the letter, van Ginneken) to take whatever actions were necessary to ensure that the PTO records accurately reflected the true ownership of these patents. Attached hereto as Exhibit F is a true

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1 and correct copy of the September 17, 2004 letter sent by Synopsys. Concurrently, Synopsys
2 filed the instant action for patent infringement.

3 **Magma Continues Making Fraudulent Statements to Synopsys and the Public**

4 81. When Magma received the September 17, 2004 letter from Synopsys, it learned
5 that its misappropriation of Synopsys confidential information, and its lengthy cover-up, had
6 finally been revealed. Rather than responding by simply admitting the truth, Magma engaged in
7 yet another public relations campaign designed to continue the misleading of its investors and the
8 public. Despite the devastating and conclusive evidence of misappropriation, Magma publicly
9 labeled Synopsys' ownership assertions as "insulting," and repeated the misrepresentation that
10 Magma's inventions had been conceived from scratch.

11 82. In addition, in response to Synopsys' claims, Magma filed an Answer with this
12 Court that contained numerous statements which Magma knew were not true. Apparently
13 assuming that Synopsys no longer had possession of the documents which conclusively proved
14 Magma's wrongful conduct, Magma continued its course of deceitful conduct by alleging in this
15 action that van Ginneken had never used or taken any proprietary or confidential information of
16 Synopsys in developing the fixed timing inventions. Magma made this assertion even though it
17 knew that Magma's patents had been copied from information contained in the confidential draft
18 application created at Synopsys.

19 83. In January of 2005, Synopsys produced its draft patent applications which
20 conclusively revealed that the language of the '446 and '438 Patents was plagiarized. Synopsys
21 further produced a chart which set out dozens of instances in which Synopsys confidential draft
22 patent applications had been blatantly copied to create the specification for Magma's patents.
23 Yet, even after producing this chart, Magma still continued to make false statements about its
24 inventions, and still refused to acknowledge the obvious truth that the inventions in the Patents
25 had been misappropriated from Synopsys.

26 **Van Ginneken Confesses to His Illegal Activities Under Oath**

27 84. On March 10, 2005, van Ginneken signed a declaration confessing to Magma's
28 misconduct. A true and correct copy of this declaration is attached hereto as Exhibit G. In his

1 declaration, van Ginneken admits under oath that the inventions in the '446 and '438 Patents were
2 conceived at Synopsys, and admits that he misappropriated those inventions in violation of his
3 obligations to Synopsys. van Ginneken further admits that the inventions misappropriated by
4 Magma were utilized as a technical foundation for Magma's products.

5 85. Soon after van Ginneken signed his declaration, Magma's share price immediately
6 dropped, causing van Ginneken to lose over \$250,000 in value of his Magma stock. Upset over
7 the loss in value of Magma stock caused by public revelation of his illegal conduct, van Ginneken
8 decided to continue his conspiracy with Magma by aiding Magma in attempting to discredit the
9 very declaration that he had signed under oath. To this end, Magma and van Ginneken secretly
10 met several times in order to coach van Ginneken for his deposition, and Magma carefully
11 scripted misleading questions that van Ginneken could be asked at his deposition.

12 86. Despite this careful coaching by Magma, van Ginneken admitted under oath in his
13 deposition that all of the statements contained in his declaration were true. van Ginneken further
14 testified that Magma's products utilize the inventions misappropriated from Synopsys. Rather,
15 however, than direct attention to this information, Magma instead made statements to the public
16 which continued to state or imply that van Ginneken's deposition testimony discredited his
17 declaration. Once again, Synopsys and Magma's innocent shareholders were the victims.

18 87. Rather than simply concede the obvious truth that it had misappropriated
19 inventions from Synopsys, Magma continued to engage in a public relations campaign designed
20 to defraud its investors and shareholders. For instance, Madhavan informed analysts at a Magma
21 conference call that Magma was "not conceding anything," even though Magma had already
22 served discovery responses in the litigation which explicitly conceded that almost all of the
23 inventions in the '446 and '438 Patents were conceived before van Ginneken left Synopsys.
24 Ultimately, millions of Magma shares traded hands without any public acknowledgement by
25 Magma on the admissions made during this litigation.

26 88. Magma further made public efforts to discredit van Ginneken's declaration to its
27 investors and shareholders, leaving the impression that the fundamental truths of what van
28 Ginneken had to say were still in dispute in the case. To the contrary, however, those truths had

1 already been admitted by Magma itself in the litigation, and the documents produced by Synopsys
2 left Magma no choice but to admit them. By pretending as if there was any dispute over the
3 veracity of van Ginneken's testimony, Magma continued its effort to perpetrate an enormous
4 fraud on its investors and shareholders.

5 89. Though Magma refuses to tell the truth to its shareholders or the public, Magma
6 has now recognized in the litigation that it can only avoid a permanent injunction against sale of
7 its product line by attempting to invalidate the very same patents that it had threatened to assert
8 against Synopsys and had vigorously argued were valid before the PTO. Further, Magma has
9 now resorted to contending that its products do not perform the inventions in the '446 and '438
10 Patents, even though Magma has repeatedly stated in SEC filings over the last several years -- and
11 has represented in dozens of press releases, public statements, and marketing materials -- that the
12 inventions are performed by the Magma products.

13 **The Continuance of Magma's Conspiracy**

14 90. The conspiracy as alleged herein has continued unabated all the way up to the
15 present. Since the filing of this litigation, Magma and van Ginneken have continued to take
16 efforts to further the main goal of the conspiracy as described herein. Indeed, Magma continues
17 to the present to prosecute patent applications around the world that are based on inventions that
18 were concededly misappropriated from Synopsys, including the pending prosecution of a
19 continuation application in the PTO. Magma and van Ginneken also continued to conspire
20 together in 2005 pursuant to an agreement through which van Ginneken has assisted Magma in
21 trying to invalidate the '446 and '438 Patents, despite the fact that van Ginneken is obligated by
22 contract to assist Synopsys' efforts to enforce these patents against Magma.

23 **Magma's Infringement of Synopsys' 114 Patent**

24 91. On April 23, 2002, United States Patent No. 6,378,114 ("the '114 Patent"), entitled
25 "Method for the Physical Placement of an Integrated Circuit Adaptive to Netlist Changes," was
26 issued to Synopsys. van Ginneken is a named inventor on the '114 Patent. At least since the
27 issuance of the '114 Patent, Magma has manufactured, tested, and licensed products that infringe
28 the claims of the '114 Patent. This infringement occurred despite the fact that van Ginneken, who

1 was ultimately promoted to Chief Scientist at Magma, was one of the named inventors of the '114
2 Patents and therefore knew what the claims of those patents encompassed.

3 **FIRST CAUSE OF ACTION**
4 **(PATENT INFRINGEMENT)**

5 92. Synopsys incorporates by reference the above paragraphs as though fully set forth
6 herein.

7 93. Synopsys is the owner of the Patents and '114 Patent because, among other
8 reasons, the inventions disclosed in the patents were previously assigned to Synopsys by van
9 Ginneken pursuant to the terms of the Agreement.

10 94. While employed by Synopsys, van Ginneken made, conceived and developed
11 inventions pertaining to timing closure methodology, the use of constant delay models in logic
12 synthesis and other aspects of placement and/or synthesis. These inventions were made,
13 conceived and developed by van Ginneken during his employment for Synopsys for the purpose
14 of developing Synopsys' products, and therefore each of these inventions is encompassed by the
15 terms of the Agreement. By operation of law, all right, title and interest to these inventions are
16 automatically assigned to Synopsys under the Agreement.

17 95. Before or after leaving the employment of Synopsys, van Ginneken co-founded
18 Magma. Thereafter, Magma submitted patent applications to the Patent and Trademark Office
19 that disclosed inventions that van Ginneken had made and conceived while employed at
20 Synopsys, and which are owned by Synopsys.

21 96. On September 17, 2002, United States Patent No. 6,453,446 ("the '446 Patent"),
22 entitled "Timing Closure Methodology," was issued to Magma. The '446 Patent discloses
23 inventions which were made, conceived and developed by van Ginneken while employed at
24 Synopsys. Pursuant to the terms of the Agreement, Synopsys holds legal and equitable title to the
25 inventions in the '446 Patent. A true and correct copy of the '446 Patent is attached to this
26 complaint as Exhibit H and is incorporated by reference herein.

27 97. On April 20, 2004, United States Patent No. 6,725,438 ("the '438 Patent"),
28 entitled "Timing Closure Methodology," was issued to Magma. The '438 Patent contains

1 inventions which were made, conceived and developed by van Ginneken while employed at
2 Synopsys. Pursuant to the terms of the Agreement, Synopsys holds legal and equitable title to the
3 inventions in the '438 Patent. A true and correct copy of the '438 Patent is attached to this
4 complaint as Exhibit I and is incorporated by reference herein.

5 98. On April 23, 2002, the '114 Patent was issued to Synopsys. van Ginneken is a
6 named inventor on the '114 Patent. A true and correct copy of the '114 Patent is attached to this
7 complaint as Exhibit J and is incorporated by reference herein.

8 99. Magma has been, and still is, infringing the Patents in violation of the federal
9 patent laws by making, using, selling, distributing, advertising, marketing and creating source
10 code for products which infringe the Patents and the '114 Patent. Magma will continue to so
11 infringe unless enjoined by this Court.

12 100. Magma has actively induced infringement of, or contributed to the infringement
13 of, the Patents and the '114 Patent under the federal patent laws by, among other things, making
14 infringing products and creating source code for infringing products and then selling, distributing,
15 advertising and marketing those infringing products to others. Magma will continue to do so
16 unless enjoined by this Court.

17 101. Magma's infringement of the Patents and the '114 Patent in violation of the federal
18 patent laws has been willful and deliberate, and has caused injury to Synopsys.

19 102. Magma's infringement in violation of the federal patent laws will continue to
20 injure Synopsys unless enjoined by this Court.

21 **SECOND CAUSE OF ACTION**
22 **(INDUCING BREACH OF CONTRACT/INTERFERENCE WITH CONTRACTUAL**
23 **RELATIONS)**

24 103. Synopsys incorporates by reference the above paragraphs as though set forth fully
25 herein.

26 104. As a condition of his employment, van Ginneken signed the Agreement with
27 Synopsys. Synopsys has performed every promise and condition required to be performed by it
28 pursuant to the Agreement, except any which were or would be excused or prevented by the
breaches of van Ginneken as set forth herein.

1 105. At all times referenced herein, the Agreement was and is a valid contract between
2 Synopsys and van Ginneken.

3 106. van Ginneken breached his obligations to Synopsys under the Agreement by,
4 among other things, engaging in the following activities: (a) misappropriating confidential and
5 proprietary information of Synopsys and using this information to develop products for Magma,
6 (b) failing to keep proprietary information of Synopsys in trust and confidence, (c) using and
7 disclosing Synopsys' proprietary information on behalf of Magma without the written consent of
8 Synopsys, (d) failing to return and deliver Synopsys' proprietary information upon termination of
9 employment with Synopsys, (e) failing to inform the PTO and other parties that the specific
10 inventions that were conceived while van Ginneken was employed at Synopsys, and which are
11 the subject of this action, had already been assigned to Synopsys, (f) conspiring with Madhavan
12 and other co-founders of Magma, before the commencement of van Ginneken's employment with
13 Magma, to misappropriate Synopsys' confidential and proprietary information and engage in the
14 other illegal conduct alleged herein, and (g) conspiring with Magma to use the inventions
15 misappropriated from Synopsys in order to file for patents with the United States Patent and
16 Trademark Office, and thereafter to use the patents in order to inflate the value of Magma's
17 business to investors and shareholders and obtain a patent-based monopoly to assert against
18 Magma's competitors.

19 107. The activities of van Ginneken as alleged above also constitute violations of the
20 covenant of good faith and fair dealing implied in the Agreement, because those activities injured
21 and frustrated the right of Synopsys to the benefits of the Agreement.

22 108. van Ginneken's breach of contract has continued up to the present. For instance,
23 van Ginneken has breached his contract in 2004 by refusing to assist Synopsys in the enforcement
24 of the Patents, and by refusing to take all steps needed for Synopsys to pursue its legal remedies
25 against Magma.

26 109. At the time that Magma and van Ginneken entered into their conspiracy to
27 misappropriate confidential information and inventions owned by Synopsys for the objects

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1 alleged herein, Magma had knowledge of the existence of the contract between Synopsys and van
2 Ginneken.

3 110. van Ginneken was induced to breach his contract with Synopsys. van Ginneken
4 was induced by Magma to misappropriate confidential information and inventions belonging to
5 Synopsys, in order for Magma to use that confidential information as the technical foundation for
6 its products.

7 111. The conduct constituting interference and inducing breach of the Agreement, and
8 the acts in furtherance of the conspiracy to interfere with the Agreement and misappropriate
9 confidential information and inventions belonging to Synopsys for the goal described herein, has
10 continued up to the present. Magma has continued in 2005 to perform overt acts in furtherance of
11 this conspiracy, including but not limited to the continued prosecution of a patent application
12 containing inventions and information misappropriated from Synopsys. Further, Magma has
13 induced van Ginneken after the filing of this lawsuit in 2004 to refrain from cooperating with
14 Synopsys, and to continue his breach of his contractual obligations to Synopsys.

15 112. By reason of Magma's inducement, Synopsys has been damaged by the failure of
16 van Ginneken to perform and complete his obligations in accordance with the terms of the
17 Agreement, in a sum of at least \$100,000,000.

18 113. Magma's conduct has been willful, oppressive and malicious and done with intent
19 to injure Synopsys and deprive Synopsys of its property and legal rights. Synopsys is therefore
20 entitled to exemplary and punitive damages in an amount sufficient to punish Magma and deter
21 future wrongful conduct.

22 **THIRD CAUSE OF ACTION**
23 **(FRAUD)**

24 114. Synopsys incorporates by reference the above paragraphs as though set forth fully
25 herein.

26 115. Magma made numerous false representations to Synopsys in its August 18, 1997
27 letter to Synopsys. These include the false representations that (a) "Dr. van Ginneken intends to
28 honor his obligations under his Proprietary Information Agreement with Synopsys," (b) "Magma

1 is in the practice of taking appropriate steps to protect . . . the trade secrets of its employees’
2 former employers,” (c) “Dr. van Ginneken will protect Synopsys’ proprietary information during
3 his employment at Magma,” (d) “Dr. van Ginneken has and will continue to abide by the terms of
4 the Magma Agreement in the performance of his duties for Magma,” and (e) “Magma will
5 reiterate to Dr. van Ginneken his duty to abide by his Synopsys Agreement.” Further, Magma’s
6 representation that the “constant delay ideas” that had been taken by van Ginneken were in the
7 “public domain” was false, and this false representation was bolstered by Magma’s purposeful
8 decision to omit from the letter the exhibits to van Ginneken’s agreement with Magma.

9 116. These representations to Synopsys were false. In truth, van Ginneken did not
10 intend to “honor his obligations” under his Agreement, as he had already worked with Magma to
11 misappropriate Synopsys’ confidential information and inventions and was using them to create
12 Magma’s products and obtain patent protection for Magma. As it related to van Ginneken
13 Magma was not in the practice of taking “appropriate steps” to protect trade secrets of its
14 employee’s former employers, but to the contrary had founded its business on confidential and
15 proprietary information owned by Synopsys. van Ginneken had not intended, and did not intend,
16 to protect Synopsys’ proprietary information during his employment at Magma, and instead had
17 already conspired with Magma to misappropriate Synopsys’ confidential information and
18 inventions for Magma’s benefit. van Ginneken had not abided by the terms of the Magma
19 Agreement as it related to honoring the intellectual property rights of others, and had no intention
20 of abiding by those terms. Magma did not honestly reiterate, and did not intend to so reiterate, to
21 van Ginneken that he needed to comply with his legal obligations. Further, it was not true that
22 the constant delay ideas that Magma and van Ginneken were pursuing were in the public domain;
23 to the contrary, according to van Ginneken’s own representations to Synopsys, the inventions had
24 been developed at Synopsys and had been contained solely in confidential Synopsys documents.

25 117. Magma’s representations concerning the origin of Magma’s fixed timing
26 methodology were also false. In truth, Magma never had any ownership interest in the inventions
27 disclosed in the Patents, as those inventions were misappropriated from information contained in
28 confidential Synopsys documentation.

1 118. Magma knew of the falsity of these representations when they were made. Since
2 at least the spring of 1997, Magma has known that it misappropriated Synopsys' confidential
3 information and inventions, and was planning to create products and apply for patents that
4 contained this misappropriated information. Accordingly, Magma's factual representations to
5 Synopsys were knowingly false, and were made only in order to dissuade Synopsys from
6 pursuing its legal rights.

7 119. Magma's representations constitute fraud and deceit because they assert facts
8 which Magma knew were not true, or did not have any reasonable ground for believing them to
9 be true. Magma's representations also constitute fraud and deceit because, by suppressing the
10 true facts concerning the ownership and misappropriation of Synopsys' inventions and
11 confidential documentation, the information that was provided to Synopsys about Magma's
12 products and technology were misleading. In addition, the promises in the 1997 letter to
13 Synopsys relating to honoring Synopsys' intellectual property were made without any intention
14 by Magma to perform such promises, and therefore those false promises were fraudulent.

15 120. These false statements were made by Magma with an intent to deceive Synopsys.
16 Knowing that Synopsys' discovery of the true facts would lead to the assertion of legal claims
17 which would put an end to its business, Magma made these false representations in order to
18 deceive Synopsys into believing that any inventions or technology that Magma was utilizing were
19 independently developed from public domain sources. In making these misrepresentations,
20 Magma intended to deceive Synopsys so that it would be dissuaded from asserting legal claims or
21 investigating the matter.

22 121. Synopsys reasonably and justifiably relied upon Magma's fraudulent
23 representations. Magma explicitly provided Synopsys a series of assurances about the safeguards
24 that would be taken to ensure that Synopsys information would not be utilized by Magma. In
25 reliance upon these representations, and without the knowledge of their falsity, Synopsys did not
26 pursue legal claims against Magma, and did not take steps to assert legal rights because Magma
27 had carefully hid the evidence that its technology was based upon misappropriated information
28 and inventions.

1 122. Magma's misrepresentations have caused tremendous damage to Synopsys.
2 Rather than fairly and ethically compete in the marketplace, Magma has spent the last several
3 years competing against Synopsys with technology and inventions that are actually owned by
4 Synopsys. Magma's use of Synopsys' own confidential inventions and information has caused
5 Synopsys hundreds of millions of dollars in lost sales and licensing revenues.

123. Further, as a result of the issuance of the Patents beginning in 2002, the secrecy of Synopsys' confidential inventions has been forever lost. As a result, Synopsys has lost the value in maintaining the secrecy of the fixed timing and gain-based synthesis inventions contained in the Patents.

10 124. The conspiracy to defraud Synopsys, and to misappropriate confidential
11 information and inventions belonging to Synopsys, has continued up to the present, and Magma
12 has continued in 2005 to perform overt acts in furtherance of this conspiracy, including but not
13 limited to the continued prosecution of a patent application containing inventions and information
14 misappropriated from Synopsys.

15 125. By reason of the foregoing, Synopsys has been damaged by Magma's fraud in a
16 sum of at least \$100,000,000.

17 126. Magma's conduct has been willful, oppressive and malicious and done with intent
18 to injure Synopsys and deprive Synopsys of its property and legal rights. Synopsys is therefore
19 entitled to exemplary and punitive damages in an amount sufficient to punish Magma and deter
20 future wrongful conduct.

FOURTH CAUSE OF ACTION (CONVERSION)

23 127. Synopsis incorporates by reference the above paragraphs as though set forth fully
24 herein.

128. Synopsys is the owner of the confidential information misappropriated by Magma and van Ginneken, including the information contained in the confidential patent applications and white papers drafted by van Ginneken while employed at Synopsys. Under the Agreement and van Ginneken's legal obligations to Synopsys, this information is exclusively owned by

1 Synopsys. Synopsys is the owner of this information and has the exclusive right to possession of
2 it.

3 129. Further, under the Agreement and van Ginneken's legal obligations to Synopsys,
4 the inventions and concepts described in this documentation are also owned by Synopsys.
5 Synopsys is the owner of these inventions and concepts and has the exclusive right to possession
6 of them.

7 130. Magma converted this property of Synopsys by a series of wrongful acts. In
8 particular, this property was converted by (a) misappropriating the confidential information
9 containing Synopsys' inventions, (b) taking the confidential information and the inventions
10 contained therein to Magma, and (c) utilizing the confidential information and the inventions
11 contained therein to prosecute patent applications for Magma and to develop technology based on
12 the information and inventions.

13 131. By converting the confidential information and inventions that are exclusively
14 owned by Synopsys, Magma has caused great damage to Synopsys. Magma has spent the last
15 several years competing against Synopsys with technology and inventions that Synopsys itself
16 owns. Magma's use of Synopsys' own confidential inventions and information has caused
17 Synopsys hundreds of millions of dollars in lost sales and licensing revenues.

18 132. The conspiracy to convert confidential information and inventions belonging to
19 Synopsys has continued up to the present, and Magma has continued in 2005 to perform overt
20 acts in furtherance of this conspiracy, including but not limited to the continued prosecution of a
21 patent application containing inventions and information misappropriated from Synopsys.
22 Further, Magma has continued to convert Synopsys' property in 2004 and 2005 by developing
23 additional products which also incorporate inventions misappropriated from Synopsys.

24 133. By reason of the foregoing, Synopsys has been damaged by Magma's conversion
25 in a sum of at least \$100,000,000.

26 134. Magma's conduct has been willful, oppressive and malicious and done with intent
27 to injure Synopsys and deprive Synopsys of its property and legal rights. Synopsys is therefore

28 ///

1 entitled to exemplary and punitive damages in an amount sufficient to punish Magma and deter
2 future wrongful conduct.

3 **FIFTH CAUSE OF ACTION**
4 **(UNJUST ENRICHMENT/CONSTRUCTIVE TRUST/QUASI-CONTRACT)**

5 135. Synopsys incorporates by reference the above paragraphs as though set forth fully
6 herein.

7 136. Magma received a benefit from Synopsys through its acquisition and retention of
8 the information contained in Synopsys' confidential patent application, the white paper drafted by
9 van Ginneken at Synopsys, and other Synopsys confidential materials. Magma further received a
10 benefit from Synopsys through its receipt of the inventions that van Ginneken had conceived
11 while employed at Synopsys. The receipt of these benefits was enormously valuable to Magma.
12 As a result of the creation and development of products based on Synopsys' inventions, Magma
13 was able to obtain millions of dollars in funding and investment and to generate profits as a
14 business and van Ginneken was able to profit from the ownership of Magma stock.

15 137. Magma's retention of these benefits is manifestly unjust, and is at the expense of
16 Synopsys. All of these benefits, including the inventions conceived by van Ginneken while
17 employed at Synopsys, are owned by Synopsys pursuant to the Agreement with van Ginneken.
18 Since these inventions and other confidential information were exclusively assigned to Synopsys
19 under the Agreement, any retention of these inventions would be unjust.

20 138. By virtue of the illegal activities by Magma and van Ginneken as alleged herein,
21 and pursuant to the legal and equitable principles of unjust enrichment, constructive trust, and
22 quasi-contract, Magma holds certain property as a constructive trustee for Synopsys' benefit,
23 including but not limited to the following:

- 24 a. The inventions claimed and/or disclosed in the Patents;
25 b. All profits, royalties, and other benefits resulting from the exploitation of
26 the inventions claimed and/or disclosed in the Patents, including all profits and royalties resulting
27 from the manufacture, sale, distribution, and marketing of each version of Magma's products;

28 ///

1 c. All software or other products that incorporate the inventions conceived by
2 van Ginneken while employed at Synopsys, and any products derived from Magma's illegal
3 activities;

4 d. Any United States or foreign patents or patent applications that claim
5 priority to the Patents and/or that are supported by the disclosures in the Patents; and

6 e. The confidential and/or proprietary information that was misappropriated
7 from Synopsys by Magma and van Ginneken.

8 **SIXTH CAUSE OF ACTION**
9 **(UNFAIR COMPETITION)**

10 139. Synopsys incorporates by reference the above paragraphs as though set forth fully
11 herein.

12 140. In the course of the wrongful conduct alleged herein, Magma engaged in unfair
13 and unlawful business practices in violation of the common law and Sections 17200 and 17203 of
14 the California Business and Professions Code including, but not limited to, the misappropriation
15 of confidential and proprietary information of Synopsys.

16 141. The continuing activities of Magma in developing and exploiting the confidential
17 information stolen from Synopsys constitute an on-going pattern and practice of unfair
18 competition. By continuing to develop this stolen information for years after the initial
19 misappropriation occurred, and by continuing to vigorously develop and sell products even after
20 the instant lawsuit was filed, Magma continues to engage in wrongful conduct prohibited under
21 California law. Indeed, Magma is now competing in the marketplace with product, technology,
22 and inventions that are truthfully owned by Synopsys, and it has obtained millions of dollars from
23 public and private investors to fund the development and sale of products based upon and/or
24 containing stolen inventions.

25 142. The conspiracy to commit unfair competition, and to misappropriate confidential
26 information and inventions belonging to Synopsys, has continued up to the present, and Magma
27 has continued in 2005 to perform overt acts in furtherance of this conspiracy. Magma's unfair
28 competition in 2005 includes but is not limited to (a) its use of Synopsys' inventions to create

1 additional products, and (b) its prosecution of a continuation application containing inventions
2 and information misappropriated from Synopsys.

3 143. By reason of this activity, Synopsys has been harmed in an amount to be proven at
4 trial, and the public misled about the true nature of Magma's business. Injunctive relief is
5 necessary to prevent further irreparable injury to Synopsys, and to put an immediate halt to
6 Magma's on-going practice and pattern of wrongful conduct. Magma has obtained benefits from
7 its unlawful activity in a sum of at least \$100,000,000, for which Magma is required to disgorge
8 or to make restitution.

9 WHEREFORE, Synopsys prays for judgment against Magma, and requests that this Court
10 impose the following remedies under the federal patent laws and state law:

11 A. Preliminarily and permanently enjoin Magma from continued infringement of the
12 Patents, pursuant to 35 U.S.C. § 283;

13 B. Preliminarily and permanently enjoin Magma from:

14 (1) disclosing, obtaining or using, or attempting to disclose, obtain or use any
15 of Synopsys' confidential or proprietary information misappropriated from Synopsys,

16 (2) disseminating or destroying any documents, material or things now in their
17 possession that originated at Synopsys, that belong to Synopsys, or that embody or are derived
18 from Synopsys' confidential or proprietary information, or that are otherwise relevant to the
19 subject matter of this lawsuit,

20 (3) manufacturing, selling, offering to sell, licensing, creating source code for,
21 marketing, or advertising, any product that incorporates or performs any of the inventions
22 misappropriated from Synopsys, or that is derived from any inventions or confidential or
23 proprietary information misappropriated by Magma.

24 C. A declaration that Synopsys was assigned all rights to the inventions conceived by
25 van Ginneken while employed at Synopsys under the terms of the Agreement, and therefore that
26 these inventions are exclusively owned by Synopsys;

27 D. An order directing Magma to correct the records of the PTO to reflect that all
28 intellectual property rights to the inventions conceived by van Ginneken are owned by Synopsys,

1 including but not limited to all rights to all patent applications or patents arising from Synopsys'
2 confidential or proprietary information.

3 E. An order directing the Defendants to account to Synopsys for damages sustained
4 by Synopsys as a result of Magma's infringement of the Patents, with interest, pursuant to 35
5 U.S.C. § 284;

6 F. An order directing Magma to pay Synopsys a reasonable royalty to compensate for
7 Magma's infringement, pursuant to 35 U.S.C. § 284;

8 G. An award of treble damages resulting from Magma's willful and deliberate
9 infringement, pursuant to 35 U.S.C. § 284;

10 H. An award to Synopsys of its costs, expenses and reasonable attorneys' fees
11 incurred in bringing and prosecuting this action, pursuant to 35 U.S.C. § 285;

12 I. An order directing specific performance of the Agreement, including the
13 provisions of the Agreement requiring van Ginneken to honor Synopsys' intellectual property and
14 cooperate with Synopsys in enforcing its rights;

15 J. An order directing Magma to pay at least \$100,000,000 in damages suffered by
16 Synopsys as a result of the illegal activities alleged herein;

17 K. An award to Synopsys of punitive damages in a sum according to proof; and

18 L. An order imposing a constructive trust for the benefit of Synopsys over:

19 (1) the inventions claimed and/or disclosed in the Patents, and all Magma
20 products based on and/or incorporating those inventions;

21 (2) all profits, royalties, and other benefits resulting from the exploitation of
22 the inventions claimed and/or disclosed in the Patents, including all profits and royalties resulting
23 from the manufacture, sale, distribution, and marketing of each version of Magma's products,

24 (3) all software or other products that incorporate the inventions conceived by
25 van Ginneken while employed at Synopsys, and any products derived from Magma's illegal
26 activities;

27 (4) any United States or foreign patents or patent applications that claim
28 priority to the Patents and/or that are supported by the disclosures in the Patents,

1 (5) the confidential and/or proprietary information that was misappropriated
2 from Synopsys by Magma and van Ginneken,

3 (6) any profits, revenues, or other benefits obtained by Magma as a result of
4 their infringement of the Patents; and

5 M. Award Synopsys such further relief that the Court may deem just and proper
6 arising from Magma's infringement of the Patents under the federal patent laws, or arising from
7 Magma's other wrongful conduct as alleged herein.

8 Dated: August 3, 2005

DECHERT LLP

9
10 By: /s/ Chris Scott Graham

Chris Scott Graham

11 Michael N. Edelman

12 Attorneys for Plaintiff SYNOPSYS, INC.

DEMAND FOR JURY TRIAL

Synopsys hereby demands trial by jury of all issues triable by jury.

Dated: August 3, 2005

DECHERT LLP

By: /s/ Chris Scott Graham

Chris Scott Graham

Michael N. Edelman

Attorneys for Plaintiff SYNOPSYS, INC.

CERTIFICATION OF INTERESTED ENTITIES OR PERSONS

Pursuant to Civil L.R. 3-16, the undersigned certifies that as of this date, other than the named parties, there is no such interest to report.

Dated: August 3, 2005

DECHERT LLP

By: /s/ Chris Scott Graham

Chris Scott Graham

Michael N. Edelman

Attorneys for Plaintiff SYNOPSYS, INC.



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13 MAGMA DESIGN AUTOMATION, INC.

14
15 UNITED STATES DISTRICT COURT
16
17 NORTHERN DISTRICT OF CALIFORNIA
18
19 SAN FRANCISCO DIVISION
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SYNOPSISYS, INC., a Delaware Corporation,
Plaintiff and Counterclaim-Defendant,

v.

MAGMA DESIGN AUTOMATION, INC., a
Delaware Corporation, Defendant and
Counterclaim-Plaintiff, and VAN GINNEKEN,
Defendant.

AND RELATED COUNTERCLAIMS.

Case No. C-04-03923 MMC

**DEFENDANT MAGMA DESIGN
AUTOMATION, INC.'S ANSWER
TO PLAINTIFF SYNOPSISYS, INC.'S
THIRD AMENDED COMPLAINT
AND COUNTERCLAIMS**

DEMAND FOR JURY TRIAL

1 Defendant Magma Design Automation, Inc. ("Magma"), by and through its attorneys,
2 answers Plaintiff Synopsys, Inc.'s Third Amended Complaint on knowledge as to Magma's own
3 conduct, and on information and belief as to all other matters, as follows:

4 1. Magma denies the allegations in paragraph 1, except that Magma admits that the
5 Court has subject matter jurisdiction over this action.

6 2. Magma lacks information or knowledge sufficient to form a belief as to the truth
7 of the allegations in paragraph 2, and on that basis denies the allegations therein.

8 3. Magma admits that it is a corporation duly organized and existing under the laws
9 of the State of Delaware with its principal place of business in Santa Clara, California.

10 4. Magma denies the allegations in paragraph 4, except that Magma admits that
11 venue is proper in the Northern District of California.

12 5. Magma admits the allegations in paragraph 5.

13 6. Magma denies the allegations in paragraph 6.

14 7. Magma denies the allegations in paragraph 7.

15 8. Magma denies the allegations in paragraph 8.

16 9. Magma admits that Synopsys hired Lukas van Ginneken ("van Ginneken") in
17 1995. Magma lacks information or knowledge sufficient to form a belief as to the truth of the
18 remaining allegations in paragraph 9, and on that basis denies those allegations.

19 10. Magma admits that van Ginneken signed the Proprietary Information and
20 Inventions Agreement attached as Exhibit A to the Third Amended Complaint as a condition of
21 his employment by Synopsys. Magma denies the remaining allegations in paragraph 10.

22 11. Magma denies the allegations in paragraph 11.

23 12. Magma admits that the language in quotation marks in the first sentence of
24 paragraph 12 appears in the Agreement. Magma denies that the language in quotation marks in
25 the second sentence of paragraph 12 appears in the Agreement. Magma admits that the language
26 in quotation marks in the third sentence of paragraph 12 appears in the Agreement. Magma
27 denies the remaining allegations in paragraph 12.
28

1 13. Magma admits that the language in quotation marks in paragraph 13 appears in
2 the Agreement. Magma denies the remaining allegations in paragraph 13.

3 14. Magma denies that the language in quotation marks in paragraph 14 appears in
4 the Agreement. Magma denies the remaining allegations in paragraph 14.

5 15. Magma denies the allegations in the first sentence in paragraph 15. Magma
6 admits that the language in quotation marks in the second sentence of paragraph 15 appears in
7 the Agreement. Magma denies the remaining allegations in paragraph 15.

8 16. Magma denies the allegations in paragraph 16.

9 17. Magma admits that attached to the Agreement is a document signed by van
10 Ginneken that states that it is "a complete list of all inventions or improvements relevant to the
11 subject matter of my employment by Synopsys, Inc. (the Company) that have been made or
12 conceived or first reduced to practice by me alone or jointly with others prior to my employment
13 by the Company that I desire to remove from the operation of the Company's Proprietary
14 Information and Inventions Agreement." Magma denies the remaining allegations in paragraph
15 17.

16 18. Magma denies the allegations in paragraph 18.

17 19. Magma admits that the Agreement is dated May 17, 1995, and that the Agreement
18 states that it is "effective as of" June 26, 1995. Magma lacks information or knowledge
19 sufficient to form a belief as to the truth of the remaining allegations in paragraph 19, and on that
20 basis denies those allegations.

21 20. Magma lacks information or knowledge sufficient to form a belief as to the truth
22 of the allegations in paragraph 20, and on that basis denies those allegations.

23 21. Magma denies the allegations in paragraph 21.

24 22. Magma denies the allegations in paragraph 22.

25 23. Magma denies the allegations in paragraph 23.

26 24. Magma denies the allegations in paragraph 24.

27 25. Magma denies the allegations in paragraph 25.

28 26. Magma denies the allegations in paragraph 26.

1 27. Magma denies the allegations in paragraph 27.

2 28. Magma admits that the language quoted in paragraph 28 is included in a
3 document Bates-numbered SY005172. Magma denies the remaining allegations in paragraph
4 28.

5 29. Magma admits that the language quoted in paragraph 29 is included in a
6 document Bates-numbered SY005172. Magma denies the remaining allegations in paragraph
7 29.

8 30. Magma denies the allegations in paragraph 30.

9 31. Magma admits that the language quoted in paragraph 31 is included in a
10 document Bates-numbered SY005172. Magma denies the remaining allegations in paragraph
11 31.

12 32. Magma admits that the language quoted in paragraph 32 is included in a
13 document Bates-numbered SY000039-SY000040. Magma denies the remaining allegations in
14 paragraph 32.

15 33. Magma admits that the language quoted in paragraph 33 is included in a
16 document Bates-numbered SY000041-SY000048. Magma denies the remaining allegations in
17 paragraph 33.

18 34. Magma lacks information or knowledge sufficient to form a belief as to the truth
19 of the allegations in paragraph 34, and on that basis denies those allegations.

20 35. Magma admits that a document Bates-numbered SY004553-SY004565 includes
21 the language quoted in paragraph 35. Magma denies the remaining allegations in paragraph 35.

22 36. Magma lacks information or knowledge sufficient to form a belief as to the truth
23 of the allegations in the first sentence of paragraph 36, and on that basis denies those allegations.
24 Magma admits that a document Bates-numbered SY004566-SY004591 includes the language
25 quoted in paragraph 36. Magma denies the remaining allegations in paragraph 36.

26 37. Magma admits that a document Bates-numbered SY007483-SY007508 includes
27 the title quoted in paragraph 37. Magma admits that van Ginneken was involved in drafting the
28

1 document Bates-numbered SY007483-SY007508 and alleges that Prabhakar Kudva also was
2 involved in drafting this document. Magma denies the remaining allegations in paragraph 37.

3 38. Magma admits that a document Bates-numbered SY01221-SY012228 includes
4 the title quoted in paragraph 38. Magma admits that van Ginneken was involved in drafting this
5 document. Magma denies the remaining allegations in paragraph 38.

6 39. Magma denies the allegations in paragraph 39.

7 40. Magma denies the allegations in paragraph 40.

8 41. Magma admits that in 1997, van Ginneken left Synopsys and later joined Magma.
9 Magma admits that a document Bates-numbered SY000050 includes the language quoted in
10 paragraph 41. Magma denies the remaining allegations in paragraph 41.

11 42. Magma denies the allegations in paragraph 42.

12 43. Magma denies the allegations in paragraph 43.

13 44. Magma denies the allegations in paragraph 44.

14 45. Magma denies the allegations in paragraph 45.

15 46. Magma denies the allegations in paragraph 46.

16 47. Magma denies the allegations in paragraph 47.

17 48. Magma denies the allegations in paragraph 48.

18 49. Magma lacks information or knowledge sufficient to form a belief as to the truth
19 of the allegations in paragraph 49, and on that basis denies those allegations.

20 50. Magma admits that a copy of a letter dated July 23, 1997, that Synopsys sent to
21 Magma is attached as Exhibit C to the Third Amended Complaint. Magma denies the remaining
22 allegations in paragraph 50.

23 51. Magma denies the allegations in paragraph 51.

24 52. Magma admits that a copy of a letter dated August 18, 1997 that Magma sent to
25 Synopsys is attached as Exhibit D to the Third Amended Complaint. Magma denies the
26 remaining allegations in paragraph 52.

27 53. Magma denies the allegations in paragraph 53.

28 54. Magma denies the allegations in paragraph 54.

1 55. Magma denies the allegations in paragraph 55.

2 56. Magma denies the allegations in paragraph 56.

3 57. Magma denies the allegations in paragraph 57.

4 58. Magma admits that Orrick engaged Marios Papaefthymiou to assist Orrick in
5 conducting intellectual property due diligence. Magma denies the remaining allegations in
6 paragraph 58.

7 59. Magma denies the allegations in paragraph 59.

8 60. Magma admits that Marios Papaefthymiou interviewed van Ginneken as part of
9 Orrick's due diligence. Magma denies the remaining allegations in paragraph 60.

10 61. Magma denies the allegations in paragraph 61.

11 62. Magma denies the allegations in paragraph 62.

12 63. Magma admits that in February or March 1998 representatives of Magma met with
13 representatives of Synopsys. Magma admits that Rajeev Madhavan attended the meeting on
14 behalf of Magma. Magma denies the remaining allegations in paragraph 63.

15 64. Magma denies the allegations in paragraph 64.

16 65. Magma admits that one or more representatives of Magma met with one or more
17 representatives of Synopsys in April 1998. Magma denies the remaining allegations in paragraph
18 65.

19 66. Magma admits that Robert Smith of Magma sent a letter dated April 30, 1998, to
20 Rich Goldman of Synopsys. Magma denies the remaining allegations in paragraph 65.

21 67. Magma denies the allegations in paragraph 67.

22 68. Magma denies the allegations in paragraph 68.

23 69. Magma denies the allegations in paragraph 69.

24 70. Magma denies the allegations in paragraph 70.

25 71. Magma denies the allegations in paragraph 71.

26 72. Magma denies the allegations in paragraph 72.

27 73. Magma denies the allegations in paragraph 73.

28 74. Magma denies the allegations in paragraph 74.

1 75. Magma denies the allegations in paragraph 75.

2 76. Magma denies the allegations in paragraph 76.

3 77. Magma denies the allegations in paragraph 77.

4 78. Magma admits that a copy of a letter that Magma sent to Synopsys on or about
5 July 1, 2004, is attached as Exhibit E to the Third Amended Complaint. Magma denies the
6 remaining allegations in paragraph 78.

7 79. Magma denies the allegations in paragraph 79.

8 80. Magma admits that a copy of a letter that Synopsys sent to Magma on or about
9 September 17, 2004, is attached as Exhibit F to the Third Amended Complaint. Magma admits
10 that Synopsys filed this action on September 17, 2004. Magma denies the remaining allegations
11 in paragraph 80.

12 81. Magma asserts that it issued a press release on September 17, 2004, in which Greg
13 Walker, Magma's Chief Financial Officer, was quoted as describing Synopsys's allegation of
14 ownership in its action filed that day as "insulting." Magma denies the remaining allegations in
15 paragraph 81.

16 82. Magma denies the allegations in paragraph 82.

17 83. Magma denies the allegations in paragraph 83.

18 84. Magma admits that van Ginneken executed the declaration attached as Exhibit G
19 to the Third Amended Complaint. Magma denies the remaining allegations in paragraph 84.

20 85. Magma lacks information or knowledge sufficient to form a belief as to the truth
21 of the allegations in the first sentence of paragraph 85, and on that basis denies those allegations.
22 Magma denies the remaining allegations in paragraph 85.

23 86. Magma denies the allegations in paragraph 86.

24 87. Magma denies the allegations in paragraph 87.

25 88. Magma denies the allegations in paragraph 88.

26 89. Magma denies the allegations in paragraph 89.

27 90. Magma denies the allegations in paragraph 90.

28

91. Magma admits that United States Patent No. 6,378,114 (“the ‘114 Patent”) was issued on April 23, 2002, that Synopsys is listed as the patent’s assignee, and that van Ginneken is listed as one of that patent’s two inventors. Magma denies the remaining allegations in paragraph 91.

FIRST CAUSE OF ACTION

(PATENT INFRINGEMENT)

92. Magma incorporates by reference its responses to paragraphs 1-91, above, as if fully set forth herein.

93. Magma admits that Synopsys is listed as the assignee of the '114. Magma denies the remaining allegations in paragraph 93.

94. Magma denies the allegations in paragraph 94.

95. Magma denies the allegations in paragraph 95.

96. Magma admits that United States Patent No. 6,453,446 (“the ‘446 Patent”) was issued on September 17, 2002, to Magma, that van Ginneken is listed as the ‘446 Patent’s inventor, and that a copy of the ‘446 Patent is attached as Exhibit H to the Third Amended Complaint. Magma denies all remaining allegations in paragraph 96, and Magma specifically denies that Synopsys holds legal or equitable title to the ‘446 Patent.

97. Magma admits that United States Patent No. 6,725,438 (“the ‘438 Patent”) was issued on April 20, 2004, to Magma, that van Ginneken is listed as the ‘438 Patent’s inventor, and that a copy of the ‘438 Patent is attached as Exhibit I to the Third Amended Complaint. Magma denies all remaining allegations in paragraph 96, and Magma specifically denies that Synopsys holds legal or equitable title to the ‘438 Patent.

98. Magma admits that United States Patent No. 6,378,114 (“the ‘114 Patent”) was issued on April 23, 2002, to Synopsys, that van Ginneken is listed as one of two inventors on the face of the ‘114 Patent, and that a copy of the ‘114 Patent is attached as Exhibit J to the Third Amended Complaint. Magma denies the remaining allegations in paragraph 98.

99. Magma denies the allegations in paragraph 99.

100. Magma denies the allegations in paragraph 100.

101. Magma denies the allegations in paragraph 101.

102. Magma denies the allegations in paragraph 102.

SECOND CAUSE OF ACTION

**(INDUCING BREACH OF CONTRACT/INTERFERENCE WITH CONTRACTUAL
RELATIONS)**

103. Magma incorporates by reference its responses to paragraphs 1-102, above, as if fully set forth herein.

104. Magma admits that van Ginneken signed the Proprietary Information and Inventions Agreement attached as Exhibit A to the Third Amended Complaint as a condition of his employment by Synopsys. Magma denies the remaining allegations in paragraph 104.

105. The allegations in Paragraph 105 constitute a legal conclusion to which no responsive pleading is necessary.

106. Magma denies the allegations in paragraph 106.

107. Magma denies the allegations in paragraph 107.

108. Magma denies the allegations in paragraph 108.

109. Magma denies the allegations in paragraph 109.

110. Magma denies the allegations in paragraph 110.

111. Magma denies the allegations in paragraph 111.

112. Magma denies the allegations in paragraph 112.

113. Magma denies the allegations in paragraph 113.

THIRD CAUSE OF ACTION

(FRAUD)

114. Magma incorporates by reference its responses to paragraphs 1-113, above, as if fully set forth herein.

115. Magma denies the allegations in paragraph 115.

116. Magma denies the allegations in paragraph 116.

117. Magma denies the allegations in paragraph 117.

118. Magma denies the allegations in paragraph 118.

119. Magma denies the allegations in paragraph 119.

120. Magma denies the allegations in paragraph 120.

121. Magma denies the allegations in paragraph 121.

122. Magma denies the allegations in paragraph 122.

123. Magma denies the allegations in paragraph 123.

124. Magma denies the allegations in paragraph 124.

125. Magma denies the allegations in paragraph 125.

126. Magma denies the allegations in paragraph 126.

FOURTH CAUSE OF ACTION

(CONVERSION)

127. Magma incorporates by reference its responses to paragraphs 1-126, above, as if fully set forth herein.

128. Magma denies the allegations in paragraph 128.

129. Magma denies the allegations in paragraph 129.

130. Magma denies the allegations in paragraph 130.

131. Magma denies the allegations in paragraph 131.

132. Magma denies the allegations in paragraph 132.

133. Magma denies the allegations in paragraph 133.

134. Magma denies the allegations in paragraph 134.

FIFTH CAUSE OF ACTION

(UNJUST ENRICHMENT/CONSTRUCTIVE TRUST/QUASI-CONTRACT)

135. Magma incorporates by reference its responses to paragraphs 1-134, above, as if fully set forth herein.

136. Magma denies the allegations in paragraph 136.

137. Magma denies the allegations in paragraph 137.

138. Magma denies the allegations in paragraph 138.

SIXTH CAUSE OF ACTION

(UNFAIR COMPETITION)

139. Magma incorporates by reference its responses to paragraphs 1-138, above, as if fully set forth herein.

140. Magma denies the allegations in paragraph 140.

141. Magma denies the allegations in paragraph 141.

142. Magma denies the allegations in paragraph 142.

143. Magma denies the allegations in paragraph 143.

PRAYER FOR RELIEF

In response to the prayer for relief, Magma denies each and every allegation contained in the Prayer and, further, Magma specifically denies that Synopsys is entitled to any of the relief requested in the Third Amended Complaint, specifically denies that Synopsys has been damaged by the acts of Magma in any amount whatsoever, specifically denies that Synopsys is entitled to injunctive or declaratory relief, specifically denies that Synopsys is entitled to any award of a constructive trust, specifically denies that Synopsys is entitled to any award of treble, punitive, or exemplary damages, specifically denies that Synopsys is entitled to reasonable attorneys' fees, specifically denies that Synopsys is entitled to its costs, expenses, or disbursements in this action, and specifically denies that Synopsys is entitled to any award of interest.

MAGMA'S AFFIRMATIVE DEFENSES

144. Magma incorporates by reference into each of the affirmative defenses below, as if fully set forth therein, the allegations of paragraphs 1-143, above.

FIRST AFFIRMATIVE DEFENSE

145. Synopsys has failed to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

146. Synopsys has failed to join all necessary parties.

THIRD AFFIRMATIVE DEFENSE

147. Synopsys's claims are barred by applicable statutes of limitations.

FOURTH AFFIRMATIVE DEFENSE

148. Magma does not infringe, or contribute to, or induce the infringement of, the '114 Patent.

FIFTH AFFIRMATIVE DEFENSE

149. Synopsys lacks standing to assert the '114 Patent for failure to join all joint owners.

SIXTH AFFIRMATIVE DEFENSE

150. To the extent Synopsys has any valid ownership interest in the '114 Patent, Magma cannot be liable for infringing the '114 Patent because Magma is licensed under the '114 Patent.

SEVENTH AFFIRMATIVE DEFENSE

151. The purported inventions claimed in the '446 and '438 Patents were not assigned to Synopsys under the Proprietary Information and Inventions Agreement between van Ginneken and Synopsys ("PIIA").

152. The alleged assignments by van Ginneken to Synopsys of the alleged inventions claimed in the '446 and '438 Patents were ineffective or invalid, in whole or in part, because (a) such alleged inventions are beyond the scope of or otherwise not covered by the PIIA, (b) the PIIA is unenforceable under Section 2870 of the California Labor Code with respect to such inventions, and/or (c) such alleged inventions were made, conceived, reduced to practice or developed, in whole or in part, other than at Synopsys and/or by persons other than van Ginneken.

153. If the alleged assignments by van Ginneken to Synopsys of the alleged inventions claimed in the '446 and '438 Patents under the PIIA transferred any rights to Synopsys, such rights constitute only a partial interest in the Magma Patents, and Magma and/or IBM also own a partial interest in the Magma Patents.

EIGHTH AFFIRMATIVE DEFENSE

154. Synopsys lacks standing to assert the '446 Patent for failure to join all joint owners.

NINTH AFFIRMATIVE DEFENSE

155. Magma does not infringe, or contribute to or induce the infringement of, the '446 Patent.

TENTH AFFIRMATIVE DEFENSE

156. To the extent Synopsys has any valid ownership interest in the '446 Patent, Magma cannot be liable for infringement of the '446 Patent because Magma is licensed under the '446 Patent.

ELEVENTH AFFIRMATIVE DEFENSE

157. In light of the Court's August 23, 2005 Claims Construction Order, one or more claims of the '446 Patent are invalid because they fail to satisfy the conditions for patentability of 35 U.S.C. §§ 102 and 103 because, without limitation, the alleged inventions are taught by, suggested by, anticipated by, and obvious in view of the prior art, no claim of the '446 Patent can be validly construed to cover any Magma product or process, and the inventorship of the '446 Patent is incorrect.

TWELFTH AFFIRMATIVE DEFENSE

158. In light of the Court's August 23, 2005 Claims Construction Order, the '446 Patent is invalid because it fails to satisfy one or more of the requirements of 35 U.S.C. § 112, including without limitation: (a) the specification does not contain a written description of the invention and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same; and (b) the specification does not set forth the best mode contemplated by the inventor of carrying out his invention.

THIRTEENTH AFFIRMATIVE DEFENSE

159. The '446 Patent is invalid under 35 U.S.C. §§ 116 and/or 256 for failure to name all inventors.

FOURTEENTH AFFIRMATIVE DEFENSE

160. The '446 Patent is unenforceable due to inequitable conduct. One or more individuals associated with the filing and prosecution of the applications leading to the issuance

1 of the '446 Patent engaged in inequitable conduct by intentionally omitting material information
2 from, and/or submitting false and misleading material information to, the Patent and Trademark
3 Office ("Patent Office") in the course of prosecuting and ultimately obtaining the '446 Patent. As
4 a result, the individual or individuals violated the duty of good faith and candor to the Patent
5 Office, with an intention to deceive the Patent Office. All claims of the '446 Patent are therefore
6 unenforceable because of this inequitable conduct. Without limiting the generality of the above
7 averments, the inequitable conduct included, but was not limited to, the following:

8 a. At least some of the inventions underlying the '446 Patent were developed as part
9 of a joint project between IBM and Synopsys governed by a Joint Development
10 and License Agreement Concerning EDA Software and Related Intellectual
11 Property between IBM and Synopsys effective January 1, 1996 (the "JDA"). The
12 JDA provides for unrestricted, joint patent ownership of all joint inventions. The
13 JDA defines "Joint Invention" as "any discovery or improvement," "conceived or
14 first reduced to practice by one or more employees of one party jointly with one or
15 more employees of the other party." The Synopsys engineers involved in this
16 project included van Ginneken, Narendra Shenoy, Robert Damiano, Tony Ma, and
17 Mahesh Iyer. The IBM engineers involved in this project included Prabhakar
18 Kudva, Leon Stok, Tony Drumm and Andrew Sullivan. In their work on this
19 project, each of van Ginneken and one or more IBM engineers contributed in a
20 significant way to the conception of the subject matter of one or more claims of the
21 '446 Patent. Nonetheless, only van Ginneken was listed as an inventor in the
22 applications leading to the issuance of the '446 Patent and in the '446 Patent itself.
23 No IBM engineer was listed as an inventor.

24 b. One or more individuals associated with the filing and prosecution of the '446
25 Patent intended to mislead and materially misled the patent examiners by
26 intentionally withholding material information about inventorship, namely, the
27 contributions by one or more IBM engineers to the conception of the subject
28 matter of one or more claims of the patents. Had the examiners been advised of

1 the withheld material information, one or more IBM engineers would be listed as
2 co-inventors on the '446 Patents.

- 3 c. One or more individuals associated with the filing and prosecution of the '446
4 Patent intended to mislead and materially misled the patent examiners by
5 intentionally withholding material information relating to prior art, including the
6 following references: Otten, Ralph H. J., "SPEED: new paradigms in design for
7 performance," Presentation slides, November 13, 1996; van Ginneken, Lukas,
8 Embedded Tutorial: "Speed: New Paradigms in Design for Performance," ICCAD
9 Advance Program p. 45, September 26, 1996; van Ginneken, Lukas, "Driving on
10 the Left-Hand Side of the Performance Speedway," August 1996. Had the
11 examiners been advised of these prior art references, one or more claims of the
12 '446 Patent would have been rejected as invalid.
- 13 d. As a direct and proximate result of the applicants' inequitable conduct, the Patent
14 Office issued the '446 Patent.
- 15 e. In view of the inequitable conduct before the Patent Office in the prosecution of
16 '446 Patent, and the relationship between the misconduct and the patent, the '446
17 Patent is also unenforceable under the doctrine of unclean hands.

18 **FIFTEENTH AFFIRMATIVE DEFENSE**

19 161. Synopsys lacks standing to assert the '438 Patent for failure to join all joint
20 owners.

21 **SIXTEENTH AFFIRMATIVE DEFENSE**

22 162. Magma does not infringe, or contribute to or induce the infringement of, the '438
23 Patent.

24 **SEVENTEENTH AFFIRMATIVE DEFENSE**

25 163. To the extent Synopsys has any valid ownership interest in the '438 Patent,
26 Magma cannot be liable for infringement of the '438 Patent because Magma is licensed under the
27 '438 Patent.

EIGHTEENTH AFFIRMATIVE DEFENSE

164. In light of the Court's August 23, 2005 Claims Construction Order, one or more claims of the '438 Patent are invalid because they fail to satisfy the conditions for patentability of 35 U.S.C. §§ 102 and 103 because, without limitation, the alleged inventions are taught by, suggested by, anticipated by, and obvious in view of the prior art, no claim of the '438 Patent can be validly construed to cover any Magma product or process, and the inventorship of the '438 Patent is incorrect.

NINETEENTH AFFIRMATIVE DEFENSE

165. In light of the Court's August 23, 2005 Claims Construction Order, the '438 Patent is invalid because it fails to satisfy one or more of the requirements of 35 U.S.C. § 112, including without limitation: (a) the specification does not contain a written description of the invention and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same; and (b) the specification does not set forth the best mode contemplated by the inventor of carrying out his invention.

TWENTIETH AFFIRMATIVE DEFENSE

166. The '438 Patent is invalid under 35 U.S.C. §§ 116 and/or 256 for failure to name all inventors.

TWENTY-FIRST AFFIRMATIVE DEFENSE

167. The '438 Patent is unenforceable due to inequitable conduct. One or more individuals associated with the filing and prosecution of the applications leading to the issuance of the '438 Patent engaged in inequitable conduct by intentionally omitting material information from, and/or submitting false and misleading material information to, the Patent Office in the course of prosecuting and ultimately obtaining the '438 Patent. As a result, the individual or individuals violated the duty of good faith and candor to the Patent Office, with an intention to deceive the Patent Office. All claims of the '438 Patent are therefore unenforceable because of this inequitable conduct. Without limiting the generality of the above averments, the inequitable conduct included, but was not limited to, the following:

- 1 a. At least some of the inventions underlying the '438 Patent were developed as part
2 of a joint project between IBM and Synopsys governed by the JDA. The JDA
3 provides for unrestricted, joint patent ownership of all joint inventions. The JDA
4 defines "Joint Invention" as "any discovery or improvement," "conceived or first
5 reduced to practice by one or more employees of one party jointly with one or
6 more employees of the other party." The Synopsys engineers involved in this
7 project included van Ginneken, Narendra Shenoy, Robert Damiano, Tony Ma, and
8 Mahesh Iyer. The IBM engineers involved in this project included Prabhakar
9 Kudva, Leon Stok, Tony Drumm and Andrew Sullivan. In their work on this
10 project, each of van Ginneken and one or more IBM engineers contributed in a
11 significant way to the conception of the subject matter of one or more claims of the
12 '438 Patent. Nonetheless, only van Ginneken was listed as an inventor in the
13 applications leading to the issuance of the '438 Patent and in the '438 Patent itself.
14 No IBM engineer was listed as an inventor.
- 15 b. One or more individuals associated with the filing and prosecution of the '438
16 Patent intended to mislead and materially misled the patent examiners by
17 intentionally withholding material information about inventorship, namely, the
18 contributions by one or more IBM engineers to the conception of the subject
19 matter of one or more claims of the patents. Had the examiners been advised of
20 the withheld material information, one or more IBM engineers would be listed as
21 co-inventors on the '438 Patents.
- 22 c. One or more individuals associated with the filing and prosecution of the '438
23 Patent intended to mislead and materially misled the patent examiners by
24 intentionally withholding material information relating to prior art, including the
25 following references: Otten, Ralph H. J., "SPEED: new paradigms in design for
26 performance," Presentation slides, November 13, 1996; van Ginneken, Lukas,
27 Embedded Tutorial: "Speed: New Paradigms in Design for Performance," ICCAD
28 Advance Program p. 45, September 26, 1996; van Ginneken, Lukas, "Driving on

1 the Left-Hand Side of the Performance Speedway,” August 1996. Had the
2 examiners been advised of these prior art references, one or more claims of the
3 ‘438 Patent would have been rejected as invalid.

4 d. As a direct and proximate result of the applicants’ inequitable conduct, the Patent
5 Office issued the ‘438 Patent.

6 e. In view of the inequitable conduct before the Patent Office in the prosecution of
7 ‘438 Patent, and the relationship between the misconduct and the patent, the ‘438
8 Patent is also unenforceable under the doctrine of unclean hands.

9 **TWENTY-SECOND AFFIRMATIVE DEFENSE**

10 168. Synopsys’s claim to ownership of the ‘446 and ‘438 Patents is barred under 35
11 U.S.C. § 261. On information and belief, Magma is a purchaser or mortgagee for valuable
12 consideration of Patent Application Nos. 10/134,076 (which issued as U.S. Pat. No. 6,725,438),
13 09/054,379 (which issued as U.S. Pat. No. 6,453,446), and 60/068,827, and the inventions
14 disclosed therein, without notice of any alleged assignment to Synopsys. Synopsys failed to
15 record its alleged assignment of Patent Application Nos. 10/134,076, 09/054,379, and
16 60/068,827, and the inventions disclosed therein, either before they were assigned to Magma or
17 within three months of the alleged assignment to Synopsys.

18 **TWENTY-THIRD AFFIRMATIVE DEFENSE**

19 169. Synopsys’s claims are barred by the doctrine of laches because Synopsys delayed
20 filing suit for an unreasonable and inexcusable length of time from the time Synopsys knew or
21 reasonably should have known of its claims against Magma, and the delay prejudiced or injured
22 Magma.

23 **TWENTY-FOURTH AFFIRMATIVE DEFENSE**

24 170. Synopsys’s claims are barred by the doctrine of waiver because Synopsys
25 voluntarily or intentionally relinquished its alleged right to assert its claims of ownership of the
26 ‘446 and ‘438 Patents, its claims against Magma for infringement of ‘114, ‘446, and ‘438 Patents,
27 and its other claims against Magma.

TWENTY-FIFTH AFFIRMATIVE DEFENSE

171. Synopsys's claims are barred by the doctrine of equitable estoppel. Synopsys engaged in conduct leading to the inference that Synopsys did not intend to assert ownership of the '446 and '438 Patents, that Synopsys did not intend to assert claims for infringement of the '114, '446, and '438 Patents against Magma, and that Synopsys did not intend to assert its other claims against Magma. Magma relied upon Synopsys's conduct, and Magma would be materially prejudiced if Synopsys were now permitted to proceed with its claims.

TWENTY-SIXTH AFFIRMATIVE DEFENSE

172. Synopsys's claims are barred by the doctrine of unclean hands because to the extent Synopsys has any valid ownership interest in the '446, '438 and '114 Patents, Synopsys has engaged and continues to engage in conduct intentionally designed to deny IBM its ownerships rights in the '446, '438 and '114 Patents.

TWENTY-SEVENTH AFFIRMATIVE DEFENSE

173. Synopsys's claims are barred in whole or in part on the ground that Synopsys intentionally relinquished its alleged right to assert its claims of ownership of any alleged inventions claimed in the '446 and '438 Patents by abandoning the alleged inventions.

TWENTY-EIGHTH AFFIRMATIVE DEFENSE

174. Synopsys's claims are barred in whole or in part on the ground that Synopsys intentionally relinquished its alleged right to assert its claims of ownership of any alleged inventions claimed in the '446 and '438 Patents by allowing the alleged inventions to enter the public domain.

TWENTY-NINTH AFFIRMATIVE DEFENSE

175. Synopsys's claims are barred in whole or in part on the ground that Synopsys is not an owner of any invention defined by the claims of the '446 or '438 Patents. Synopsys alleges that van Ginneken developed certain "fixed timing and gain-based synthesis inventions" while employed at Synopsys, and that those alleged inventions are described in certain Synopsys documents identified in the Third Amended Complaint, including the draft patent applications and white papers. Synopsys asserts that the claims of the '446 and '438 Patents describe those

1 alleged inventions. To the extent that certain claims in the '446 or '438 Patents are described in
2 the Synopsys documents identified in the Third Amended Complaint, those claims, read in light
3 of the Court's August 23, 2005 Claims Construction Order, are invalid based on the prior art.
4 Synopsys, therefore, does not own any invention defined by the claims of the '446 and '438
5 Patents.

6 **MAGMA'S COUNTERCLAIMS AGAINST SYNOPSYS**

7 For its counterclaims against Synopsys, defendant and counterclaimant Magma alleges on
8 knowledge as to its own conduct and on information and belief as to all other matters, as follows:

9 **JURISDICTION**

10 176. This action arises under the patent laws of the United States, 35 U.S.C. § 100, *et*
11 *seq.* Subject matter jurisdiction is therefore proper in this Court pursuant to 28 U.S.C. §§ 1331,
12 1338 and 1367(a) and pursuant to the Federal Declaratory Judgments Act, 28 U.S.C. §§ 2201-02.
13 This Court has supplemental jurisdiction over Defendant's counterclaims arising under the state
14 law pursuant to 28 U.S.C. § 1367(a) because these claims are so related to the parties' claims and
15 counterclaims under federal law that they form part of the same case and/or controversy and
16 derive from a common nucleus of operative fact.

17 **PARTIES**

18 177. Magma is a corporation organized and existing under the laws of the State of
19 Delaware and has its principal place of business in Santa Clara, California. Magma provides
20 Electronic Design Automation ("EDA") software products and related services.

21 178. Synopsys is a corporation organized and existing under the laws of the State of
22 Delaware and has its principal place of business in Mountain View, California. Synopsys
23 provides EDA software products and related services.

24 **VENUE**

25 179. Synopsys transacts business in this judicial district, including the sale and offering
26 for sale of its products, and Synopsys has sufficient contacts with this judicial district to subject
27 itself to the jurisdiction of this Court. Moreover, by bringing its complaint against Magma in this
28

1 Court, Synopsys consented to the Court's jurisdiction. Personal jurisdiction and venue are
2 therefore proper in this Court pursuant to 28 U.S.C. §§ 1391 and 1400(b).

3 **VAN GINNEKEN'S WORK AT SYNOPSYS UNDER THE IBM-SYNOPSYS JOINT**
4 **PROJECT**

5 180. From May 1995 to May 1997, van Ginneken was employed at Synopsys. There,
6 as part of a joint project between Synopsys and IBM, van Ginneken worked on the application of
7 the concept of constant delay to logic synthesis and physical design of integrated circuits. All of
8 the work that van Ginneken did on constant delay at Synopsys was part of the IBM-Synopsys
9 joint project.

10 181. Logic synthesis, the field in which van Ginneken was working, refers to the
11 translation of high level descriptions of the functions that an integrated circuit must perform into
12 an interconnected set of logic gates. (A logic gate performs a simple logical function, such as
13 comparing two signals and producing a result.) Physical design refers to the actual physical
14 placement and wiring of the logic gates on a silicon chip. Once the logic gates are placed and
15 interconnected, each gate performs its specified function and communicates the result to the next
16 gate. The time that it takes for the gate to carry out its function and communicate the result is
17 referred to as the delay. As the demand or "load" on a gate increases, the delay increases. Under
18 the concept of constant delay, however, the delay for each gate is determined at the beginning of
19 the design process and held constant throughout the remainder of the process. Increases in a
20 gate's load imposed by changes in the design are accommodated by increasing the size of the gate
21 to provide more power so that the delay remains constant.

22 182. The IBM-Synopsys joint project was governed by a Joint Development and
23 License Agreement Concerning EDA Software and Related Intellectual Property between IBM
24 and Synopsys effective January 1, 1996 (the "JDA"). The JDA defines "Joint Invention" as "any
25 discovery or improvement," "conceived or first reduced to practice by one or more employees of
26 one party jointly with one or more employees of the other party." The JDA provides for
27 unrestricted, joint patent ownership by IBM and Synopsys of all Joint Inventions. The JDA
28 provides in part:

1 Any Joint Invention shall be jointly owned, title to all patents
2 issued thereon shall be joint . . . and the parties shall have the
3 unrestricted right to license Subsidiaries (who may
4 correspondingly sublicense Subsidiaries) and third parties
5 thereunder without accounting. In the event that either party elects
6 not to seek patent protection for any Joint Invention in any
particular country, . . . the other party shall have the right to seek or
maintain such protection at its own expense in such country and
shall have full control over the prosecution and maintenance
thereof even though title to any patent issuing therefrom shall be
joint without accounting.

7 These provisions remain in effect.

8 183. To the extent Synopsys has any valid ownership interest in the '446, '436 or '114
9 Patents, IBM is a co-owner of the three patents because any invention validly claimed in the '446,
10 '438 or '114 Patents for which Synopsys has any valid ownership interest would have been a joint
11 invention under the JDA.

12 184. While at Synopsys, van Ginneken prepared certain documents describing his work
13 on these constant delay concepts that Synopsys now claims were confidential. In May 1996, van
14 Ginneken and an IBM engineer, Dr. Prabhakar Kudva, co-authored a white paper entitled "The
15 Constant Delay Methodology" (the "White Paper"). A few months later, van Ginneken prepared
16 a revised draft of the White Paper entitled "Driving on the Left-Hand Side of the Performance
17 Speedway" and submitted it for publication at the 1996 International Conference on Computer-
18 Aided Design. (This draft paper will be referred to herein as "Driving on the Left-Hand Side.")

19 185. When IBM later learned of the plan to publish "Driving on the Left-Hand Side,"
20 IBM protested that the paper contained IBM confidential information and failed to give
21 attribution to Kudva, the IBM engineer who co-authored the original draft of the paper. Because
22 of IBM's protests, the paper was withdrawn after it had already been approved for publication by
23 the 1996 ICCAD program committee.

24 186. van Ginneken secretly drafted patent applications entitled "System and Method for
25 Constant Delay Synthesis" and "Method for Achieving Timing Closure of Digital Networks and
26 Method for Area Optimization of Digital Networks Under Timing Closure." Synopsys did not
27 file these applications because it determined that, under the JDA, any patents that issued from
28 these applications would be jointly owned by IBM.

1 187. In May 1997, van Ginneken left Synopsys and joined Magma. In July 1997,
2 Synopsys wrote a letter to Magma expressing concerns about whether van Ginneken intended to
3 continue to honor his confidentiality obligations under his PIIA with Synopsys. Synopsys said
4 that it “consider[ed] its logic synthesis algorithms, logic optimization algorithms, including
5 constant delay techniques, and placement algorithms as proprietary.” On August 18, 1997,
6 Magma responded in writing, asserting that van Ginneken intended to comply with his PIIA
7 obligations. Magma stated, however, that Magma considered “the alleged trade secrets
8 surrounding constant delay techniques” to be in the public domain.

9 **MAGMA’S OWNERSHIP OF THE ‘446 AND ‘438 PATENTS**

10 188. Magma is, at a minimum, a co-owner of the ‘446 and ‘438 Patents. Based on the
11 Court’s August 23, 2005 Claims Construction Order, the only claims of the ‘446 and ‘438 Patents
12 that satisfy the conditions for patentability of 35 U.S.C. §§ 102 and 103 disclose inventions
13 conceived by Magma engineers, including Patrick Groeneveld, at Magma. For example, the
14 concept of “buckets” applied to the constant delay methodology was invented by Magma
15 engineers at Magma. Buckets are required by Claims 17, 18, 31, and 32 of the ‘446 Patent and
16 Claims 17 and 18 of the ‘438 Patent. Magma, therefore, is, at a minimum, a co-owner of the ‘446
17 and ‘438 Patents.

18 189. Synopsys is not an owner of any alleged invention defined by the claims of the
19 ‘446 or ‘438 Patents. Synopsys alleges that van Ginneken developed certain “fixed timing and
20 gain-based synthesis inventions” while employed at Synopsys, and that those alleged inventions
21 are described in certain Synopsys documents identified in the Third Amended Complaint,
22 including the draft patent applications and white papers. Synopsys asserts that the claims of the
23 ‘446 and ‘438 Patents describe those alleged inventions. To the extent that certain claims in the
24 ‘446 or ‘438 Patents are described in the Synopsys documents identified in the Third Amended
25 Complaint, those claims, read in light of the Court’s August 23, 2005 Claims Construction Order,
26 are invalid based on the prior art. Synopsys, therefore, does not own any invention defined by the
27 claims of the ‘446 and ‘438 Patents.

190. In addition, to the extent Synopsys has any valid ownership interest in any alleged inventions defined by the claims of the '446 or '438 Patents, Synopsys intentionally abandoned those alleged inventions by not filing the draft patent applications identified in the Third Amended Complaint that claimed the alleged inventions.

191. Further, the alleged inventions described in the Synopsys documents identified in the Third Amended Complaint, including the draft patent applications and white papers, entered the public domain more than year before the priority date of the '446 and '438 Patent through the publication of at least the following references: Otten, Ralph H. J., "SPEED: new paradigms in design for performance," Presentation slides, November 13, 1996; van Ginneken, Lukas, Embedded Tutorial: "Speed: New Paradigms in Design for Performance," ICCAD Advance Program p. 45, September 26, 1996; van Ginneken, Lukas, "Driving on the Left-Hand Side of the Performance Speedway," August 1996.

**SYNOPSIS'S LACK OF INTEREST IN PURSUING CLAIMS BASED ON ALLEGED
MISAPPROPRIATION OF SYNOPSIS TECHNOLOGY**

192. In this action, Synopsys alleges that Magma and van Ginneken misappropriated various concepts and techniques related to constant delay from "Driving on the Left-Hand Side," the White Paper and the two draft patent applications. As described in "Driving on the Left-Hand Side," these allegedly misappropriated concepts and techniques are:

Constant Delay: Holding the delay associated with each gate constant during logic synthesis and physical design.

Constant Delay Synthesis: Applying constant delay to the synthesis of digital circuits.

Constant Delay Set Via Optimal Gain: Selecting the best gain for each gate and using that gain to determine the constant delay associated with that gate. (Gain is the ratio of a gate's output load to its input load.)

Buffer Insertion: Adding a gate that performs no logical function but boosts signal strength.

Sizing Driven Placement: Changing cell sizes during iterative placement in order to hold the delays of each cell constant.

Net Weight Placement: Computing a net weight for each net that reflects the degree to which additional load impacts the overall circuit area and applying those net weights during placement. (A net refers to the wiring between the output of one gate and an input of one or more other gates.)

Continuous Gate Sizing: Using continuous sizing of a gate to maintain a constant delay for that gate during logic synthesis and physical placement.

Discrete Gate Sizing: Using discrete gate sizes with the objective of maintaining a constant delay for that gate during logic synthesis and physical placement.

Area Minimization: Formulating an equation that calculates the area of a circuit and using that equation to minimize the area while maintaining constant delay.

Area Estimation: Computing a net weight for each net and using those net weights to estimate circuit area in the constant delay paradigm.

Stretching Constant Delays: Adjusting (e.g., stretching or compressing) the constant delay for gates during logic synthesis and physical placement.

193. Between 1998 and 2000, Magma repeatedly disclosed to Synopsys and to the public Magma's use of each of the concepts that Synopsys maintains in this action were Synopsys's trade secrets, including a detailed slide presentation by van Ginneken to Synopsys in March 1998 setting forth Magma's use of both gain based synthesis and constant delay paradigms. The following chart summarizes these disclosures:

Concept	Magma's Disclosure Of Its Use Of This Concept
Constant Delay	<ul style="list-style-type: none"> • The Meeting between Magma and Synopsys in February or March 1998 ("February/March 1998 Meeting")– van Ginneken Slides • April 1999 International Symposium on Physical Design ("ISPD") Conference – van Ginneken Slides • April 28, 1999 Magma Press Release • Magma Web Site – Magma White Paper • January 2000 Asia South Pacific Design Automation Conference ("ASP-DAC") • April 2000 EDP Workshop

Concept	Magma's Disclosure Of Its Use Of This Concept
	<ul style="list-style-type: none"> • June 2000 Design Automation Conference ("DAC") – Groeneveld Slides • June 2000 DAC – Groeneveld Panel Slides
Constant Delay Synthesis	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides • April 1999 ISPD Conference – van Ginneken Slides • April 28, 1999 Magma Press Release • Magma Web Site – Magma White Paper • January 2000 ASP-DAC • April 2000 EDP Workshop • June 2000 DAC – Groeneveld Slides • June 2000 DAC – Groeneveld Panel Slides
Constant Delay Set Via Optimal Gain	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides • April 1999 ISPD Conference – van Ginneken Slides • April 28, 1999 Magma Press Release • Magma Web Site – Magma White Paper • January 2000 ASP-DAC Conference • April 2000 EDP Workshop • June 2000 DAC – Groeneveld Slides
Buffer Insertion	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides • April 1999 ISPD Conference – van Ginneken Slides • April 28, 1999 Magma Press Release • Magma Web Site – Magma White Paper • January 2000 ASP-DAC • April 2000 EDP Workshop • June 2000 DAC – Groeneveld Slides • June 2000 DAC – Groeneveld Panel Slides
Sizing Driven Placement	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides • April 28, 1999 Magma Press Release • Magma Web Site – Magma White Paper • January 2000 ASP-DAC • April 2000 EDP Workshop • June 2000 DAC – Groeneveld Panel Slides
Net Weight Placement	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides
Continuous Gate Sizing	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides • April 1999 ISPD Conference – van Ginneken Slides • April 28, 1999 Magma Press Release • Magma Web Site – Magma White Paper • January 2000 ASP-DAC • April 2000 EDP Workshop • June 2000 DAC – Groeneveld Panel Slides

Concept	Magma's Disclosure Of Its Use Of This Concept
Discrete Gate Sizing	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides • April 1999 ISPD Conference – van Ginneken Slides • January 2000 ASP-DAC • April 2000 EDP Workshop • June 2000 DAC – Groeneveld Slides
Area Minimization	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides
Area Estimation	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides
Stretching Constant Delays	<ul style="list-style-type: none"> • The February/March 1998 Meeting – van Ginneken Slides

194. On July 8, 1999, Magma's Patent Cooperation Treaty Application No. PCT/US98/27488 was published and contained sufficient information to put Synopsys on actual notice of (a) its claims to ownership of the '446 and '438 Patents, and (b) all the claims in the Second through Sixth Causes of Action in the Third Amended Complaint. Magma's Patent Cooperation Treaty Application claims priority to the US Patent Application No. 09/054,379 that ultimately issued as the '446 Patent.

195. In addition, Synopsys analyzed Magma's constant delay technology in the summer of 2000 and concluded that it employed the same constant delay methodology that Synopsys had abandoned in 1997. Synopsys instructed its sales and marketing employees to inform prospective EDA tool customers that Synopsys had evaluated the same constant delay technology used by Magma and that Synopsys had determined that the constant delay technology was "inferior" to current Synopsys EDA products. To the extent that Synopsys failed to investigate further the circumstances surrounding van Ginneken's work at Magma, it was not because Synopsys had been misled by Magma but because Synopsys had evaluated constant delay and made a conscious decision to abandon that technology.

196. These disclosures establish that Synopsys had ample reason to be on notice with respect to Magma's alleged misappropriation of Synopsys's technology many years before Synopsys filed this action on September 17, 2004. Nonetheless, Synopsys did not act, respond, or

1 otherwise challenge van Ginneken's work on constant delay or Magma's alleged use of
2 Synopsys's constant delay techniques until September 17, 2004.

3 **THE IBM-MAGMA PATENT LICENSE**

4 197. On March 24, 2004, Magma and IBM entered into a patent license agreement.
5 Under the terms of this agreement, IBM has granted Magma a license to practice, within the
6 electronic design automation field, all IBM patents filed before a certain date.

7 198. To the extent Synopsys has any valid ownership interest in the '114, '446 and '438
8 Patents, IBM is a co-owner of the '114, '446, and '438 Patents by operation of law and pursuant
9 to the JDA. Thus, to the extent Synopsys has any valid ownership interest in the '114, '446 and
10 '438 Patents, Magma is licensed to the '114, '446 and '438 Patents pursuant to the Magma-IBM
11 patent license agreement.

12 **SYNOPSIS' FALSE STATEMENTS AND UNFAIR COMPETITION**

13 199. Synopsys is engaging in a campaign with the press and with Magma's customers
14 and competitors to spread false and misleading statements about Magma and its products.

15 200. Synopsys's false statements about Magma and its technology have begun to
16 negatively affect Magma's relationships with its customers and its reputation in the marketplace.
17 Synopsys has informed customers that Magma has stolen trade secrets and that Synopsys is the
18 sole owner of the technology in Magma's products. In response, Magma has had to make
19 significant and extraordinary efforts to maintain customer relationships as a result of the
20 uncertainty and doubt that Synopsys's statements have created in the market. Magma has had to
21 visit customers to correct Synopsys's false statements and persuade the customers not to take
22 their business elsewhere despite Synopsys's false statements.

23 **FIRST COUNTERCLAIM FOR RELIEF**

24 **(NON-INFRINGEMENT OF THE '114 PATENT)**

25 201. Magma incorporates by reference the allegations set forth in the previous
26 paragraphs.
27
28

1 202. On April 23, 2002, the Patent Office issued the '114 Patent, entitled "Method for
2 the Physical Placement of an Integrated Circuit Adaptive to Netlist Changes," upon an application
3 filed in the names of Narendra Shenoy and van Ginneken

4 203. Synopsys claims to be the sole owner of the '114 Patent.

5 204. There exists an actual and justiciable controversy within the meaning of 28 U.S.C.
6 §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership,
7 and infringement of the '114 Patent and Magma's alleged liability for infringement thereof.

8 205. Magma does not infringe, or contribute to or induce the infringement of, the '114
9 Patent.

10 **SECOND COUNTERCLAIM FOR RELIEF**

11 **(IBM'S JOINT OWNERSHIP OF THE '114 PATENT)**

12 206. Magma incorporates by reference the allegations set forth in the previous
13 paragraphs.

14 207. On April 23, 2002, the Patent Office issued the '114 Patent, entitled "Method for
15 the Physical Placement of an Integrated Circuit Adaptive to Netlist Changes," upon an application
16 filed in the names of Narendra Shenoy and van Ginneken

17 208. Synopsys claims to be the sole owner of the '114 Patent.

18 209. There exists an actual and justiciable controversy within the meaning of 28 U.S.C.
19 §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership,
20 and infringement of the '114 Patent and Magma's alleged liability for infringement thereof.

21 210. To the extent Synopsys has any valid ownership interest in the '114 Patent, IBM is
22 a joint owner of the '114 Patent.

23 **THIRD COUNTERCLAIM FOR RELIEF**

24 **(NO LIABILITY FOR INFRINGEMENT**

25 **OF THE '114 PATENT DUE TO LICENSE)**

26 211. Magma incorporates by reference the allegations set forth in the previous
27 paragraphs.

1 212. On April 23, 2002, the Patent Office issued the '114 Patent, entitled "Method for
2 the Physical Placement of an Integrated Circuit Adaptive to Netlist Changes," upon an application
3 filed in the names of Narendra Shenoy and van Ginneken.

4 213. Synopsys claims to be the sole owner of the '114 Patent.

5 214. There exists an actual and justiciable controversy within the meaning of 28 U.S.C.
6 §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership,
7 and infringement of the '114 Patent and Magma's alleged liability for infringement thereof.

8 215. To the extent Synopsys has any valid ownership interest in the '114 Patent,
9 Magma cannot be liable for infringing the '114 Patent because Magma is licensed under the '114
10 Patent.

11 **FOURTH COUNTERCLAIM FOR RELIEF**

12 **(OWNERSHIP OF THE '446 AND '438 PATENTS)**

13 216. Magma incorporates by reference the allegations set forth in the previous
14 paragraphs.

15 217. Magma holds record title to and is, at a minimum, a joint owner of the '446 and
16 '438 Patents.

17 218. Synopsys claims to be the sole owner of all of the inventions claimed in the '446
18 Patent and the '438 Patent.

19 219. Based on the Court's August 23, 2005 Claims Construction Order, Synopsys does
20 not own any invention claimed in the '446 or '438 Patents.

21 220. There is a substantial, actual and continuing controversy between Magma and
22 Synopsys as to the ownership of the '446 Patent and the '438 Patent.

23 221. Pursuant to the Federal Declaratory Judgment Act, Magma requests the Court
24 declare Magma the owner, in whole or in part, of the '446 Patent and the '438 Patent.

25 **FIFTH COUNTERCLAIM FOR RELIEF**

26 **(NON-INFRINGEMENT OF THE '446 PATENT)**

27 222. Magma incorporates by reference the allegations set forth in the previous
28 paragraphs.

1 223. On September 17, 2002, the Patent Office issued to Magma the '446 Patent,
2 entitled "Timing Closure Methodology," upon an application filed in the name of Lukas P. P. P.
3 van Ginneken.

4 224. Synopsys claims to be the sole owner of the '446 Patent.

5 225. There exists an actual and justiciable controversy within the meaning of 28 U.S.C.
6 §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership,
7 validity, infringement, and enforceability of the '446 Patent and Magma's alleged liability for
8 infringement thereof.

9 226. Magma does not infringe, or contribute to or induce the infringement of, the '446
10 Patent.

11 **SIXTH COUNTERCLAIM FOR RELIEF**

12 **(IBM'S JOINT OWNERSHIP OF THE '446 PATENT)**

13 227. Magma incorporates by reference the allegations set forth in the previous
14 paragraphs.

15 228. On September 17, 2002, the Patent Office issued to Magma the '446 Patent,
16 entitled "Timing Closure Methodology," upon an application filed in the name of Lukas P. P. P.
17 van Ginneken.

18 229. Synopsys claims to be the sole owner of the '446 Patent.

19 230. There exists an actual and justiciable controversy within the meaning of 28 U.S.C.
20 §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership,
21 validity, infringement, and enforceability of the '446 Patent and Magma's alleged liability for
22 infringement thereof.

23 231. To the extent Synopsys has any valid ownership interest in the '446 Patent, IBM is
24 a joint owner of the '446 Patent.

SEVENTH COUNTERCLAIM FOR RELIEF

(NO LIABILITY FOR INFRINGEMENT

OF THE '446 PATENT DUE TO LICENSE)

232. Magma incorporates by reference the allegations set forth in the previous paragraphs.

233. On September 17, 2002, the Patent Office issued to Magma the '446 Patent, entitled "Timing Closure Methodology," upon an application filed in the name of Lukas P. P. P. van Ginneken.

234. Synopsys claims to be the sole owner of the '446 Patent.

235. There exists an actual and justiciable controversy within the meaning of 28 U.S.C. §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership, validity, infringement, and enforceability of the '446 Patent and Magma's alleged liability for infringement thereof.

236. To the extent Synopsys has any valid ownership interest in the '446 Patent, Magma cannot be liable for infringing the '446 Patent because Magma is licensed under the '446 Patent.

EIGHTH COUNTERCLAIM FOR RELIEF

(CORRECTION OF INVENTORSHIP OF THE '446 PATENT)

237. Magma incorporates by reference the allegations set forth in the previous paragraphs.

238. Prabhakar Kudva contributed to the conception and/or reduction to practice of at least one claim of the '446 Patent. Kudva is, therefore, a joint inventor of the '446 Patent.

239. Patrick Groeneveld contributed to the conception and/or reduction to practice of at least one claim of the '446 Patent. Groeneveld is, therefore, a joint inventor of the '446 Patent.

240. Inventorship of the '446 Patent should be corrected under 35 U.S.C. § 256.

NINTH COUNTERCLAIM FOR RELIEF

(NON-INFRINGEMENT OF THE '438 PATENT)

241. Magma incorporates by reference the allegations set forth in the previous paragraphs.

242. On April 20, 2004, the Patent Office issued to Magma the '438 Patent, entitled "Timing Closure Methodology," upon an application filed in the name of Lukas P. P. P. van Ginneken.

243. Synopsys claims to be the sole owner of the '438 Patent.

244. There exists an actual and justiciable controversy within the meaning of 28 U.S.C. §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership, validity, infringement, and enforceability of the '438 Patent and Magma's alleged liability for infringement thereof.

245. Magma does not infringe, or contribute to or induce the infringement of, the '438 Patent.

TENTH COUNTERCLAIM FOR RELIEF

(IBM'S JOINT OWNERSHIP OF THE '438 PATENT)

246. Magma incorporates by reference the allegations set forth in the previous paragraphs.

247. On April 20, 2004, the Patent Office issued to Magma the '438 Patent, entitled "Timing Closure Methodology," upon an application filed in the name of Lukas P. P. P. van Ginneken.

248. Synopsys claims to be the sole owner of the '438 Patent.

249. There exists an actual and justiciable controversy within the meaning of 28 U.S.C. §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership, validity, infringement, and enforceability of the '438 Patent and Magma's alleged liability for infringement thereof.

250. To the extent Synopsys has any valid ownership interest in the '438 Patent, IBM is a joint owner of the '438 Patent.

ELEVENTH COUNTERCLAIM FOR RELIEF

(NO LIABILITY FOR INFRINGEMENT

OF THE '438 PATENT DUE TO LICENSE)

251. Magma incorporates by reference the allegations set forth in the previous paragraphs.

252. On April 20, 2004, the Patent Office issued to Magma the '438 Patent, entitled "Timing Closure Methodology," upon an application filed in the name of Lukas P. P. van Ginneken.

253. Synopsys claims to be the sole owner of the '438 Patent.

254. There exists an actual and justiciable controversy within the meaning of 28 U.S.C. §§ 2201 and 2202 between Magma and Synopsys with respect to the inventorship, ownership, validity, infringement, and enforceability of the '438 Patent and Magma's alleged liability for infringement thereof.

255. To the extent Synopsys has any valid ownership interest in the '438 Patent, Magma cannot be liable for infringing the '438 Patent because Magma is licensed under the '438 Patent.

TWELFTH COUNTERCLAIM FOR RELIEF

(CORRECTION OF INVENTORSHIP OF THE '446 PATENT)

256. Magma incorporates by reference the allegations set forth in the previous paragraphs.

257. Prabhakar Kudva contributed to the conception and/or reduction to practice of at least one claim of the '438 Patent. Kudva is, therefore, a joint inventor of the '438 Patent.

258. Patrick Groeneveld contributed to the conception and/or reduction to practice of at least one claim of the '438 Patent. Groeneveld is, therefore, a joint inventor of the '438 Patent.

259. Inventorship of the '438 Patent should be corrected under 35 U.S.C. § 256.

THIRTEENTH COUNTERCLAIM FOR RELIEF
(UNFAIR COMPETITION IN VIOLATION OF
CAL. BUS. & PROF. CODE § 17200 ET SEQ.)

260. Magma incorporates by reference the allegations set forth in the previous paragraphs.

261. By reason of the foregoing, Synopsys has been, and is, engaged in “unlawful, unfair or fraudulent business practices” in violation of California Business and Professions Code §§ 17200 *et seq.*, and in acts of unfair competition in violation of the common law.

262. Synopsys’s acts complained of herein have damaged and will continue to damage Magma irreparably. Magma has no adequate remedy at law for such wrongs and injuries. The damage to Magma includes harm to its goodwill and reputation that money cannot compensate. Magma is therefore entitled to preliminary and permanent injunctions restraining and enjoining Synopsys and its agents, servants, employees, representatives, successors and assigns, and those acting in concert with them or on their behalf, from making false and misleading statements that Magma misappropriated Synopsys’s alleged trade secrets, that Synopsys is the sole owner of the ‘446, ‘438, and ‘114 Patents, and that Magma infringes the ‘114 Patent and the Magma Patents.

PRAYER FOR RELIEF

WHEREFORE, Defendant and Counterclaimant Magma prays:

(1) that the Court dismiss with prejudice the Third Amended Complaint of plaintiff Synopsys, that Synopsys take nothing by reason of the Third Amended Complaint, and that judgment be rendered in favor of Magma;

(2) that the Court render judgment declaring that Magma has not infringed and is not infringing the ‘114 Patent;

(3) that the Court render judgment declaring that IBM is a joint owner of the ‘114 Patent;

(4) that the Court render judgment declaring that Magma cannot be liable for infringing the ‘114 Patent because Magma is licensed under the ‘114 Patent;

1 (5) that the Court render judgment declaring that Synopsys is not the sole
2 owner of the '446 Patent or the '438 Patent;

3 (6) that the Court render judgment declaring that Magma is the owner, in
4 whole or in part, of the '446 and '438 Patents;

5 (7) that Synopsys, its agents, servants, employees, representatives, successors
6 and assigns, and those acting in privity or in concert with them or on their behalf, be
7 preliminarily and permanently enjoined from claiming or otherwise stating that (a) Synopsys is
8 the sole owner of the '114, '446, or '438 Patents, or any inventions claimed therein, or (b)
9 Magma infringes the '114 Patent, the '446 Patent, or the '438 Patent;

10 (8) that the Court render judgment declaring that Magma has not infringed
11 and is not infringing the '446 Patent;

12 (9) that the Court render judgment declaring that IBM is a joint owner of the
13 '446 Patent;

14 (10) that the Court render judgment declaring that Magma cannot be liable for
15 infringing the '446 Patent because Magma is licensed under the '446 Patent;

16 (11) that the Court correct inventorship of the '446 Patent to add Prabhakar
17 Kudva and/or Patrick Groeneveld as inventors;

18 (12) that the Court render judgment declaring that Magma has not infringed
19 and is not infringing the '438 Patent;

20 (13) that the Court render judgment declaring that IBM is a joint owner of the
21 '438 Patent;

22 (14) that the Court render judgment declaring that Magma cannot be liable for
23 infringing the '438 Patent because Magma is licensed under the '438 Patent;

24 (15) that the Court correct inventorship of the '438 Patent to add Prabhakar
25 Kudva and/or Patrick Groeneveld as inventors;

26 (16) that the Court render judgment declaring this to be an exceptional case
27 under 35 U.S.C. § 285;

28 (17) that Magma be awarded its attorneys' fees and costs; and

1 (18) that Magma be awarded such other and further relief as the Court deems
2 proper.

3
4 Dated: September 2, 2005

GEORGE A. RILEY
MARK E. MILLER
PETER OBSTLER
CHRISTOPHER D. CATALANO
LUANN L. SIMMONS
O'MELVENY & MYERS LLP

7
8 By: /s/ George A. Riley
9 George A. Riley

10 Attorneys for Defendant and Counterclaimant
11 MAGMA DESIGN AUTOMATION, INC.
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DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, defendant and counterclaimant Magma Design Automation, Inc. hereby demands a trial by jury of all issues.

Dated: September 2, 2005

GEORGE A. RILEY
MARK E. MILLER
PETER OBSTLER
CHRISTOPHER D. CATALANO
LUANN L. SIMMONS
O'MELVENY & MYERS LLP

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